

- 20 points will be granted for projects where the applicant has submitted a new Asset Management Plan for its drinking water utility. Minimum criteria for the Asset Management Plans is available on the [program website](#). Plans must be submitted by June 30 of each year in conjunction with a SDWLP application. DNR's Drinking Water Program reviews and approves all Asset Management Plans.
- 15 points will be granted for projects where the applicant has submitted a revised/updated Asset Management Plan for its drinking water utility. Updated plans must be submitted by June 30 of each year in conjunction with a SDWLP application. DNR's Drinking Water Program reviews and approves all Asset Management Plans. Criteria for updated plans is available on the [program website](#). Criteria and approval will be the same as for new Asset Management Plans (above).
- 10 points will be granted for projects where the applicant has executed a new agreement between two or more water systems to improve technical, managerial, and financial capacity. The municipality must submit required materials by June 30 of each year in conjunction with a SDWLP application. DNR's Drinking Water Program will review these materials to determine point eligibility. Criteria for awarding public water system partnership points is available on our [program website](#).

Under Section III (Secondary Contaminant Violation and System Compliance), question SC7 shall be as follows:

- 4 points will be awarded under question SC7 if the project includes replacement of lead joints or replacement of LSLs where the LSLs constitute less than 40% of the service lines being replaced.

The following points apply to watermain replacement projects that also include the replacement of private LSLs:

- If at least 200 private LSLs are being removed as part of the project – 30 points
- If at least 100 private LSLs but less than 200 are being removed as part of the project– 25 points
- If at least 50 private LSLs but less than 100 are being removed as part of the project– 20 points
- If at least 25 private LSLs but less than 50 are being removed as part of the project– 15 points
- If at least 15 private LSLs but less than 25 are being removed as part of the project– 10 points
- If less than 15 private LSLs are being removed as part of the project – 4 points
- If project will remove all remaining private LSLs in the municipality – 10 additional points

Starting in SFY 2024, projects to address PFAS contamination will receive points based on the Department of Health Services' Hazard Index (HI). The HI will be multiplied by 100 (maximum points of 300). If EPA or the Wisconsin Department of Health Services issues a revised health advisory level for any PFAS compound, this scoring may be modified.

In the event of a tie on the funding list, the municipality with the smaller population will be ranked above the municipality with the larger population. If a tie still remains, the municipality with the smaller MHI figure will be ranked above the municipality with the larger MHI figure.

## **XI. DISADVANTAGED COMMUNITIES PROGRAM AND PRINCIPAL FORGIVENESS (PF)**

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This interest rate is 33% of the state's market rate. Under s. 281.61(11), Wis. Stats., the two eligibility criteria are:

- 1) the local governmental unit's population must be less than 10,000; and
- 2) the local governmental unit's MHI must be 80% or less of the state's MHI.

Local governmental units that do not meet the two criteria receive loans at 55% of the state's market rate.

To be clear, the criteria described above only determine the interest rate a municipality qualifies for and is not connected to any additional subsidy a municipality may be eligible for. A separate set of criteria are used to determine disadvantaged status for Principal Forgiveness eligibility. See Section XI.A for more details.

**A. Disadvantaged Communities and the Methodology for Distribution of PF Funds**

The PF allocation methodology is structured to allocate PF funds to the highest priority projects in municipalities with the greatest financial need. For SFY 2023, Wisconsin plans to make \$20,878,410 of PF available to municipalities that qualify according to the methodology detailed in this section. Applications that are submitted by June 30, 2022, will be ranked in priority score order, and the PF methodology will be applied.

EPA’s BIL Implementation memorandum dated March 8, 2022, describes a key priority of BIL as “[ensuring] that disadvantaged communities benefit equitably from the historic investment in water infrastructure.” Additionally, EPA expects states to, “Evaluate and revise, as needed, the DWSRF disadvantaged community definition.” To meet this expectation, Wisconsin reviewed numerous potential criteria and other policy changes. As a result of this work, a mostly new methodology is detailed below.

In summary, the revised methodology adds two new criteria to gauge the financial need of a municipalities’ residents. Those criteria are detailed in Table 3 and Table 6. Another change is to align the PF scoring methodology between the CWFPP and the SDWLP programs. For the SDWLP, this would add points for county unemployment rates and municipal population trends that are currently used in the CWFPP. Furthermore, more tiers are proposed in Table 7 than were used in the previous SFY.

See the tables and further description below.

Table 1	
Points	Population
0	≥10,000
10	8,500–9,999
20	5,000–8,499
30	3,000–4,999
40	2,000–2,999
50	1,500–1,999
60	1,000–1,499
70	500–999
80	250–499
100	0-249

Table 2	
Points	MHI Percent
0	126%+
5	116% to <126%
10	106% to <116%
15	101% to <106%
20	96% to <101%
25	91% to <96%
30	86% to <91%
40	81% to <86%
50	76% to <81%
60	71% to <76%
70	66% to <71%
85	61% to <66%
100	<61%

Table 3	
Points	Family Poverty Percentage
0	<8%
5	8% to <12%
10	12% to <16%
20	16% to <20%
30	20% to <24%
40	24% to <28%
50	28% to <32%
65	32% to <36%
80	36% to <40%
100	40%+

Table 4	
Points	Population Trend
5	Projected to lose 5% to less than 10% of population over 20 years
10	Projected to lose 10% to less than 15% of population over 20 years
15	Projected to lose 15% or greater of population over 20 years

Table 5	
Points	County Unemployment Rate
10	County unemployment rate is greater than the state's rate by less than one percentage point
20	County unemployment rate is greater than the state's rate by one to less than two percentage points
25	County unemployment rate is greater than the state's rate by two percentage points or greater

Table 6	
Points	Lowest Quintile Household Income Upper Limit (LQI)
10	Municipal LQI 70% to less than 80% of Wisconsin LQI
15	Municipal LQI 60% to less than 70% of Wisconsin LQI
20	Municipal LQI less than 60% of Wisconsin LQI

Table 7	
Points Received in Tables 1-6	Qualified PF Percentage
0-59	No PF
60-69	10%
70-79	15%
80-94	20%
95-109	25%
110-124	30%
125-139	35%
140-154	40%
155-169	45%
170-184	50%
185-199	55%
200-249	60%
250-360	65%

- **Table 1** – Population points are awarded under Table 1 with the highest points assigned to the smallest populations. The points in this table are doubled from their previous values in order to maintain this criterion's significance after adding additional economic need criteria, namely through Table 3 and Table 6. Data for this criterion comes from the DOA's Demographic Service Center.
- **Table 2** – Median Household Income (MHI) points are awarded based on the municipality's MHI as a percent of the state mean MHI with the highest points assigned to the lowest MHI percentages. This criterion uses 5-year estimates from the American Community Survey, table ID B19013 from data.census.gov. More details regarding this criterion can be found [here](#).
- **Table 3** – Family poverty percentage points are awarded based on the percentage of families in a municipality with incomes below 200% of the federal poverty level. This criterion uses 5-year estimates from the American Community Survey, table ID S1702 from data.census.gov.
- **Table 4** – Population trend points are awarded to municipalities that are projected to lose 5% or greater of their population over 20 years. Data for this criterion comes from the DOA's Demographic Service Center. Currently, DOA's Demographic Service Center only has municipal population projections available as far as 2040; therefore, population trend is calculated using 2020 population estimates in comparison to 2040 projections.

- **Table 5** – Unemployment points are awarded based on county unemployment rates in relation to the average state unemployment rate. Data for this criterion comes from the [Wisconsin Department of Workforce Development](#). County unemployment rates are calculated by averaging not seasonally adjusted, final unemployment rates from the most recent 12 months of data.
- **Table 6** – Lowest quintile household income (LQI) points are awarded based on the municipality's LQI as a percent of the state mean LQI with the highest points assigned to the lowest LQI percentages. This criterion uses 5-year estimates from the American Community Survey, table ID B19080 from data.census.gov.

To calculate the LQI in B19080, the ACS groups all household incomes for a given place into five equal parts. The first quintile (or lowest quintile) is the value that defines the upper limit of the lowest one-fifth of the cases. For example, if there are a total of 10 households sampled in a community, the lowest two household incomes are the lowest quintile. Of those two households, if one has an income of \$10,000 and the other has an income of \$14,000, then upper limit of the lowest quintile would be \$14,000.

- **Table 7** – To calculate a value in Table 7, a municipality's scores from Tables 1 through 6 are summed. The summed value determines the percentage of PF the municipality qualifies for in Table 7. Municipalities that qualify for PF meet the state's Disadvantaged Communities definition. Table 7 now includes additional tiers to more accurately reflect a municipality's score and to smooth the transition between the tiers.
- **Green Tier** – Projects in municipalities that are [Green Tier Legacy Communities](#) are eligible for an additional 10% PF on top of the percentage determined by Table 7, with the caveat that no municipality can receive PF for more than 70% of total project costs. The municipality must have signed the Green Tier Charter prior to the application deadline date. A minimum score of 60 points is required in order to qualify for the additional 10% PF.
- **Providing Disinfection** – Projects in municipalities that are providing disinfection where it was not provided previously are eligible for an additional 10% PF on top of the percentage determined by Table 7, with the caveat that no municipality can receive PF for more than 70% of total project costs. A minimum score of 60 points is required in order to qualify for the additional 10% PF.
- **Municipal PF Cap** – The amount of PF any municipality can receive in one SFY is capped at \$1,500,000. This is a three-fold increase from last SFY, which is consistent with the additional PF allocated to Wisconsin through the BIL. Additionally, a single project cannot receive more than one full PF allocation (based on the eligible PF percentage and/or the cap) even if that project is funded from two or more SFYs.
- **Data Sources** – In SFY 2023, data for Tables 1 and 2 has already been gathered and published. Table 1 uses final population estimates with a reference date of January 1, 2021. Table 2 uses American Community Survey 5-year estimates from 2015-2019. Tables 3-6 will use the most recent data available around the start of the SFY, July 1. Starting in SFY 2024, data for all tables will use the most recent data available around the start of the SFY.

## B. Other Policies Regarding Principal Forgiveness

- **No PF-only awards** – As a revolving loan program, fiscal prudence dictates that the SDWLP only award PF for projects for which loan funds are also awarded. This results in a continuation of fund integrity while providing some funding in the form of PF, helping disadvantaged municipalities offset some costs of their infrastructure improvements.
- **No PF on costs covered by other funding sources** – When calculating project costs that are eligible for PF, only amounts that are financed through the SDWLP will be included in the PF calculation. This is a change from previous policy; internal funds as well as other sources of funding, loan or grant, will be deducted before calculating PF.
- **Jointly-funded Financial Hardship Scenarios** – If a municipality is in dire financial hardship and cannot fund a project while complying with the policies above, the SDWLP may collaborate with other long-term, affordable funding sources on a case-by-case basis to consider available options to meet the financial needs of the municipality's project.