

# BIL Funding for Water Infrastructure in WI

February 16, 2023

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DNR Bureau of Community Financial Assistance



# Presentation Outline

- Bipartisan Infrastructure Law (BIL) Overview
- Emerging Contaminants Overview
- LSL Replacement Program Overview
- Buy American, Build America



# Existing State Revolving Fund - Loans

- Clean Water & Drinking Water SRFs, Private LSL Replacement Program, and CWF Pilot Program.
- Subsidized interest rates – updated quarterly
  - 1.485% for most municipalities
  - 0.891% for disadvantaged municipalities
- 20 – 30 year loan terms (based on design life of the project)
- Portions of loans may be awarded as Principal Forgiveness for eligible applicants. Like grant funding – no repayment.
- Repayments revolve and become available for new loans.

# Bipartisan Infrastructure Law (BIL) SRF Funding

SFYs 2023-2027

Program	Annual Funding	Mandatory
Clean Water SRF - Supplemental	\$48 – 66 million	49% forgiveness
Drinking Water SRF - Supplemental	\$30 – 41 million	49% forgiveness
Clean Water Emerging Contaminants	\$2.5 – 5.7 million	100% forgiveness
Drinking Water Emerging Contaminants	\$12.8 million	100% forgiveness
Drinking Water LSL Replacement	\$48 million	49% forgiveness

# Focus on Disadvantaged Communities

- EPA encouraged states to review disadvantaged criteria (i.e. principal forgiveness eligibility)
  - Criteria are now the same in both SDWLP & CWFPP
  - Criteria explained in the Intended Use Plans (IUPs) for each program

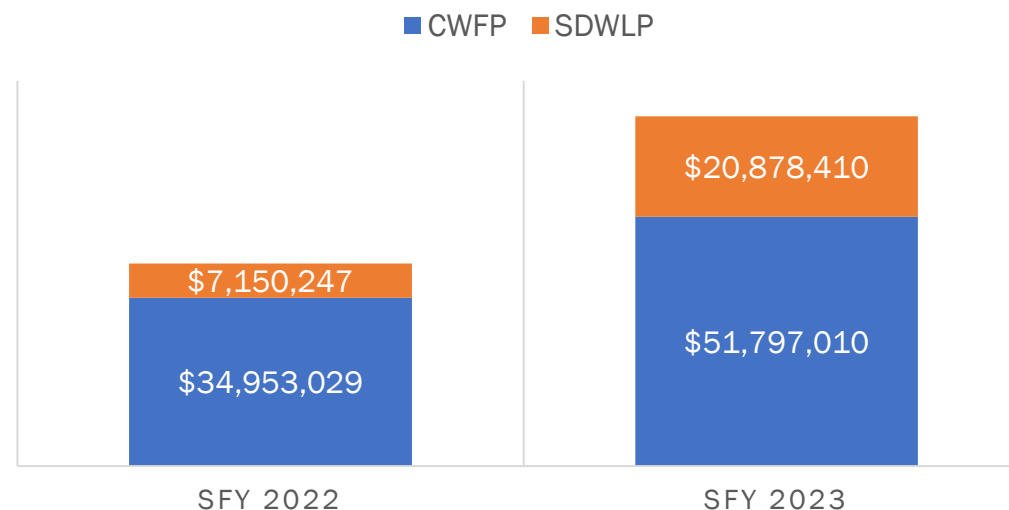
Median House Income	Family Poverty Percentage	Lowest Quintile Household Income
Population	Population Trend	County Unemployment Rate

# Clean Water & Drinking Water SRF - Supplemental Funding

	Total	Principal Forgiveness	Loan
Year 1 CWFP Supplemental	\$48,116,000	\$23,576,840	\$24,539,160
Year 1 SDWLP Supplemental	\$30,666,000	\$15,026,340	\$15,639,660

- Additional funding is being incorporated into the existing programs.
- Increased municipal PF caps for SFY 2023
  - SDWLP – \$500,000 to \$1,500,000
  - CWFP – \$750,000 to \$2,000,000

## INCREASED PRINCIPAL FORGIVENESS



# Emerging Contaminants – BIL Funding

Program	Annual Funding	Mandatory
Clean Water Emerging Contaminants	\$2.527 million	100% forgiveness
Drinking Water Emerging Contaminants	\$12.8 million	100% forgiveness

- Intended to address municipal drinking water and wastewater treatment for PFAS
- Drinking Water program is developed & active
  - SFY 2023 (Year 1) applications were received **January 31, 2023**
  - SFY 2024 (Year 2) applications are due **June 30, 2023**
- Clean Water program is under development;
  - Plan to have Year 1 program in place for SFY 2024 applications (due **September 30, 2023**)

# Small, Underserved, and Disadvantaged Communities (SUDC) Grant Program

- Must be awarded to communities with a population less than 10,000 or that meet the state's disadvantaged status
- Estimated \$12.7 million/year for 5 years
- Planning to merge into years 2 – 5 of BIL DW EC funding
- Awaiting guidance and final allocations from EPA
  - Expected in February 2023





# Emerging Contaminant Project Eligibilities

- Construct or upgrade a treatment facility
- Develop a new source
- Consolidate with another system
- Create a new public water system

- Costs for planning, design & associated pre-project costs
- Infrastructure related to pilot testing for treatment alternatives

Bottled water is *NOT* eligible, per federal regulations

# SFY 2023 Funding Approach – Emerging Contaminants

- Up to \$5M, or 70% of project costs, may be awarded as PF per municipality
- Principal Forgiveness (EC PF) Allocation
  - Two-pass process in priority score order
    - Pass 1 – 70% of total project costs as EC PF up to \$500,000
    - Pass 2 – EC PF allocated for 70% of remaining eligible project costs, up to total EC PF cap of \$5M
- Balance of total project costs will be available as a subsidized loan

# Emerging Contaminants Applications

## Year 1 (SFY 2023)

- Applications received January 31, 2023
- 4 projects from 3 municipalities
- \$22.9 million in requested project costs
- Full PF available for all applicants
- Expect to make awards late spring/early summer

## Year 2 (SFY 2024)

- Will be described in SDWLP SFY24 IUP (published in spring 2023)
- ITA/PERF deadline was 10/31/22
  - Will be flexible for interested applicants that missed deadline
- Applications due June 30, 2023
- Expect to make awards as early as October 2023

# BIL-Funded Lead Service Line Replacement

- FFY 2022 grant \$48,319,000
- 49% of LSL cap grant must be awarded as principal forgiveness to disadvantaged communities or for projects targeted to disadvantaged census tracts
- Funds can be used for identification & removal of public & private LSLs
- Funding no longer available as 100% principal forgiveness (PF)
- **Application deadline June 30, 2023**



# Key Differences Between WIFTA LSL Program & BIL LSL Program

WIFTA-Funded LSL Program	BIL-Funded LSL Program
Private LSL replacements only	Both public & private LSL replacements & inventory work
Only properties with residences, schools & daycares eligible	All property types are eligible
100% principal forgiveness (PF)	Funds will be a mix of PF & loans
All municipalities eligible for PF	Only disadvantaged municipalities or projects in disadvantaged census tracts eligible for PF
Work must be completed in one construction season	Funding can be provided for up to 2 years for Prequalified List; contracted projects are not restricted to one construction season
Up to \$5,000 for engineering &/or administration if under 3,300 population; not eligible if 3,300+ population	All project related costs are eligible, regardless of population

# LSL Program Eligibilities

- Applications for LSL replacement and/or inventory work submitted separately from watermain projects, even if related
- Any municipality can apply, but PF can only be awarded to disadvantaged municipalities or projects in disadvantaged census tracts
- Galvanized lines that are, or have been, downstream of lead, brass service lines, & lead goosenecks all considered LSLs
- PSC approval must be obtained in order to pledge revenue for any private side loan funding



# Allocation of LSL Funds

- PF percentage will range from 0-100% in 5 tiers for **private** side replacements based on the disadvantaged criteria score
- LSL PF for private side replacements allocated first, in order of LSL-specific priority score
- Any remaining LSL PF will then be allocated to public side replacements, in order of LSL-specific priority score
  - Public side PF % allocated at regular SDWLP % from Table 7
- After LSL PF is allocated, projects ranked in SDWLP priority score order to allocate SDWLP PF at regular SDWLP % (from Table 7)
  - Competing with all SDWLP applications for PF - \$1.5M cap per municipality
- After all PF allocated, LSL loan funds will be allocated in LSL priority score order
  - Private and public side LSL replacement costs, inventory costs and other project costs receive 0.25% interest rate
  - Any loan funding beyond the LSL cap grant at regular SDWLP rates

# Federal Requirements

- American Iron & Steel / **Build America, Buy America (BABA)**
- Davis-Bacon Wages
- Disadvantaged Business Enterprises
- Environmental Reviews
- Other federal cross cutting requirements based on project specifics





# Build America, Buy America (BABA)

- Expansion of existing American Iron & Steel (AIS) requirements.
- Covers all construction materials and manufactured goods
- Went into effect May 14, 2022



Applies to *some* SRF funded projects:

- Lead service line replacements
- Emerging contaminants/PFAS projects
- Federal equivalency projects:
  - Clean Water SRF projects in municipalities with population over 20,000
  - Drinking Water SRF projects in municipalities with population over 10,000



# BABA Waivers

## Adjustment Period Waiver

- Applies to projects that started project design planning prior to May 14, 2022

## Small Projects Waiver

- Applies to projects less than \$250,000

## De Minimis Waiver

- 5% or less of products relative to the total project cost can be exempted

## Product Specific Waiver

- May be available for specific products that are not domestically produced

# CONNECT WITH US

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[DNR.Wisconsin.gov/Aid/EIF.html](http://DNR.Wisconsin.gov/Aid/EIF.html)



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# Ehlers 2023 Wisconsin Public Finance Seminar

February 16, 2023

## Considerations for WDNR State Revolving Loan Funds & Case Studies in Adapting to Market Conditions

**Ben Wood, P.E.**

**Tom Stetzer, P.E.**

**Strand Associates, Inc.®**

**February 16, 2023**



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**IN THE NATION**  
**TOP 500 DESIGN FIRM 2022**  
by Engineering News-Record

# Speaker Background



**Ben Wood, P.E.**

- UW-Platteville (2006)
- Water Supply and Municipal Engineer
- Milwaukee Office
- WI-AWWA – WWWWc Chair
- Water Supply, Treatment, Storage
- Village Engineer



**Tom Stetzer, P.E.**

- UW-Platteville (2005)
- Municipal Engineer
- Madison Office
- Capital Improvement Planning
- Local Street and Utilities
- Parks
- TIF District Engineering



# Considerations for WDNR State Revolving Loan Funds & Case Studies in Adapting to Market Conditions

- Impacts of Key SRF Requirements on Your project
- What will BABA requirements due to my project cost?
- Current Market Conditions
- Case Studies
- Capital Improvement Planning Implications on Funding



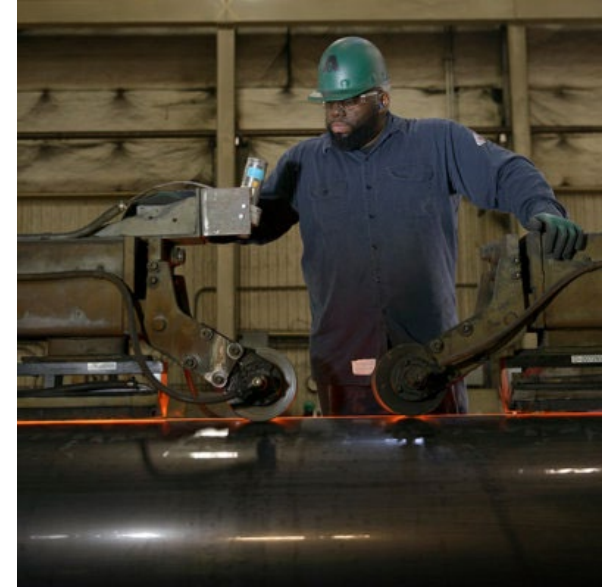
# Impacts of Key SRF Requirements on Your project

## Key Requirements

- Submit an application consistent with your ITA
- Davis Bacon Wage Determination (not as much of a factor in this market)
- Disadvantaged Business Enterprise (DBE)
- American Iron and Steel (AIS)
- Pre-payment only as exception

## Impacts

- Cost
- Schedule
- Interim Financing
- Administration & Engineering



Source: American Pipe

<input type="checkbox"/>	Approved
<input type="checkbox"/>	Approved As Noted
<input checked="" type="checkbox"/>	Approved As Noted–Resubmit
<input type="checkbox"/>	Not Approved

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**By BWW on Feb 08, 2023**

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THIS APPROVAL DOES NOT ALLEVIATE THE CONTRACTORS FROM REQUIREMENTS OF THE CONTRACT DOCUMENTS.

# What Will BABA Do to My Project Cost?

- First projects with BABA requirements are being designed now
- EXEMPT (any of the following)
  - Design initiated prior to May 14, 2022
  - Project Cost <\$250,000
  - SDWL: Pop. <10,000
  - CWF: Pop. <20,000
- All Emerging Contaminants and Lead Service Line projects must comply with BABA



The screenshot shows the EPA website page for the Build America, Buy America (BABA) Act. The page includes the EPA logo, a search bar, and navigation menus for Environmental Topics, Laws & Regulations, Report a Violation, and About EPA. The main content area features a section titled 'Build America, Buy America (BABA) Act' with a sub-section 'BABA Act Topics' containing links to 'BABA Act Overview', 'Waivers Open for Public Comment', 'Approved Waivers', and 'Resources'. The main text discusses the Infrastructure Investment and Jobs Act (IIJA) signed by President Biden on November 15, 2021, and the requirements for federal agencies to ensure that funds made available for infrastructure projects are used for products produced in the United States. It also mentions guidance released by the Office of Management and Budget (OMB) on April 18, 2022, and provides links to BABA Act implementation webinar presentations and office of water implementation procedures webinars.

**Build America, Buy America (BABA) Act**

On this page:

- [Build America, Buy America \(BABA\) Act](#)
- [Request for Information for Construction Materials](#)
- [Waiver Authority](#)

**BABA Act Topics**

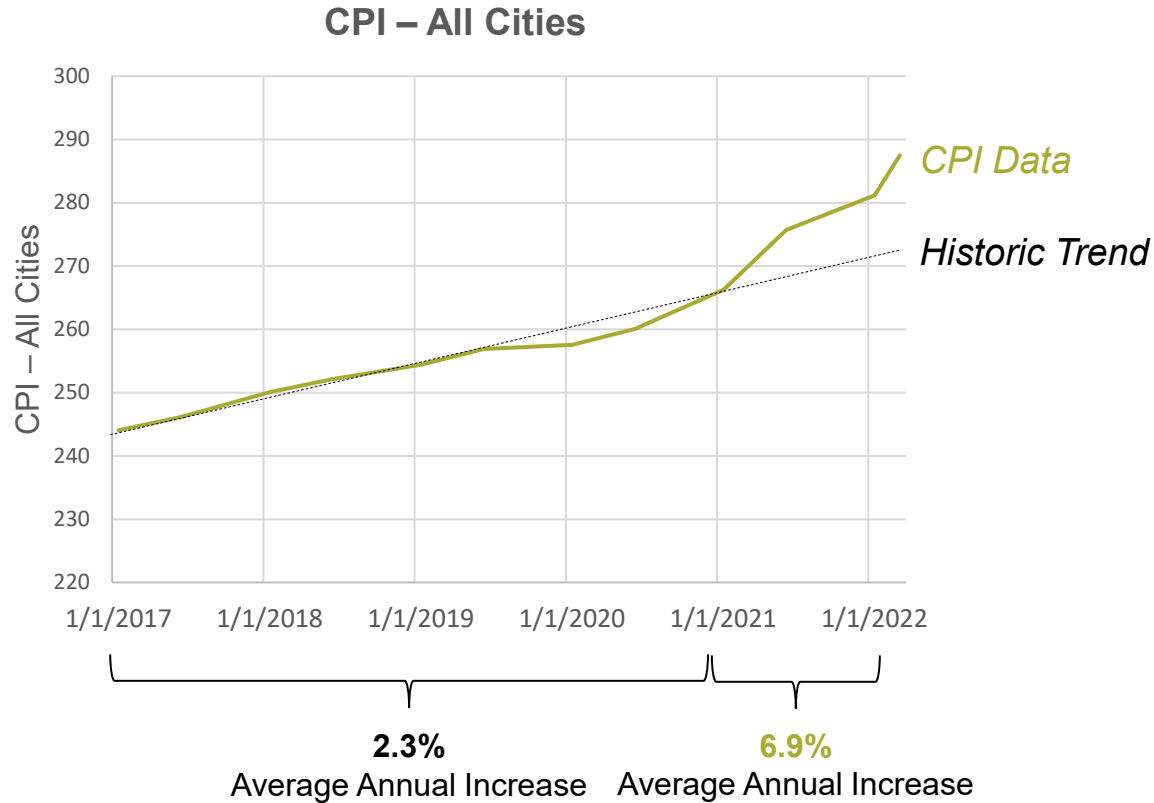
- [BABA Act Overview](#)
- [Waivers Open for Public Comment](#)
- [Approved Waivers](#)
- [Resources](#)

**Build America, Buy America (BABA) Act**

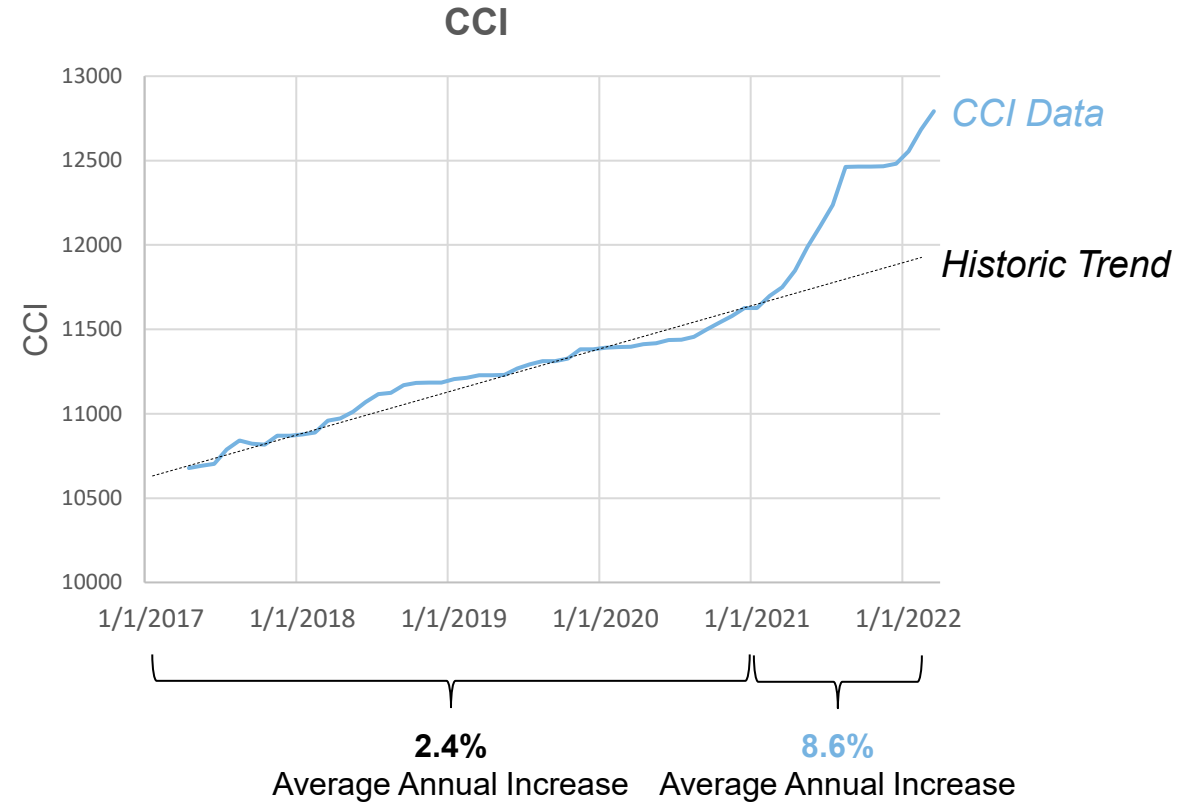
- On November 15, 2021, President Joseph R. Biden Jr. signed into law the Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. No. 117-58, which includes the Build America, Buy America Act ("the Act"). Pub. L. No. 117-58, §§ 70901-52. The Act strengthens Made in America Laws and will bolster America's industrial base, protect national security, and support high-paying jobs. The Act requires that no later than May 14, 2022—180 days after the enactment of the IIJA—the head of each covered Federal agency shall ensure that "none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the **iron, steel, manufactured products, and construction materials** used in the project are produced in the United States." (Build America, Buy America (BABA) Act, P.L. 117-58, Secs 70911 - 70917).
- On April 18, 2022, the Office of Management and Budget's (OMB) Made in America Office released its [guidance for implementing the BABA Act](#) [\[E\]](#)
- [BABA Act Implementation Webinar Presentation \(April 2022\).pdf](#) (1.35 MB)
- [BABA Act Office of Water Implementation Procedures Webinar \(November 2022\).pdf](#) (3.61 MB)

**Office of Water Build America, Buy America Act Implementation Procedures**

# Current Market Conditions - Consumer Price Index (CPI) and Construction Cost Index (CCI) Demonstrate Steep Increases



Source: Bureau of Labor Statistics



Source: Engineering News-Record

# Examples of Specific Lead Times Demonstrate Project Challenges

- Ductile Iron Pipe: 7 months (price has doubled in last year)
- Hydrants
  - Mueller: 6-8 months
  - AFC: 3 weeks
- Valves
  - Mueller: 23-30 weeks
  - AFC: 5-6 weeks
- Electrical
  - Transformers/Switchgear: 1 year
  - PLC Components: 1 year
  - Generators: 1.5-2 years



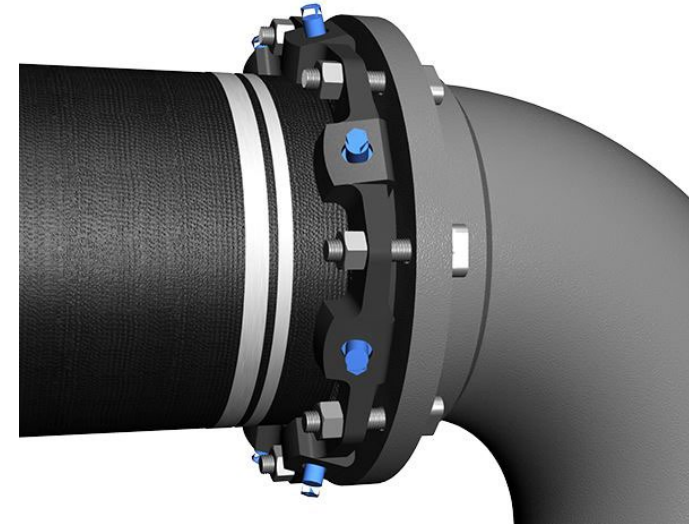
Source: US Pipe

# Examples of Specific Lead Times Demonstrate Project Challenges

- Polyvinyl Chloride (PVC) Pipe: 2 weeks
- Tapping Saddles: 3 months
- Brass Corp Stops and Curb Stops: Up to 1 year
- MEGALUG – EBAA Iron: 1-3 months
- “Bipartisan Infrastructure Law and BABA requirements will keep prices high and lead times long for domestic items. The building industry and construction as a whole will slow down.”  
– Core and Main, 2/7/2023



Source: Mueller Company



Source: EBAA

# Adapt by Focusing on Aspects You Can Control

- Reduce project unknowns
- Plan for supply chain delays
- Communicate with your Council/Board
- Attract Contractors to your project



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# Plan for Supply Chain Delays in Specifications

- Review specifications and identify lead times on key items
- Call suppliers and Contractors
- Consider 'or-equals' or adjust project timeframes
- Use EJCDC contract documents
  - Contractors are familiar
  - Prescribed process to address challenges



# Communicate with Your Council/Board

- Plan and budget to design and construct in consecutive years
  - Allows adequate time for thorough design
  - Allows decision makers to adjust to market conditions
  - Hits the best bidding window
- Budget for project delays
  - Is the Council/Board okay if 2023 budget slips and is partial spent in 2024?
- Prioritize projects to find overlap with other departments
  - Probability and consequence methodology
  - Water main and/or sanitary sewer projects may start to steer the road program



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# Attract Contractors to Your Project

- Contact contractors to find optimized bid timeframe
- Allow more time for bidding, even on a simple project
- Adapt your schedule to be as flexible as possible
  - You may want fall completion...
  - Would you accept giving them the option for a spring completion?
  - Handled through milestones
- Is the municipality okay with a later substantial completion date and cold weather paving?




# Example: Village of Prairie du Sac – 2023 Street and Utility Improvements

## 2023 LOCAL STREET RECONSTRUCTION FOR THE VILLAGE OF PRAIRIE DU SAC PRAIRIE DU SAC, WISCONSIN



PROJECT LOCATION

AREA MAP  
NO SCALE





PROJECT LOCATION MAP  
NO SCALE

DRAWING LIST

SHEET NO.	SHEET TITLE
1	TITLE SHEET
2	TYPICAL SECTIONS
3	GENERAL NOTES AND LEGEND
4-5	TRAFFIC CONTROL
6-7	EROSION CONTROL
8	WINNE AVENUE AND PARK AVENUE INTERSECTION DETAILS
9	WINNE AVENUE AND 1ST STREET INTERSECTION DETAILS
10	WINNE AVENUE AND HOLLY COURT INTERSECTION DETAILS
11	WINNE AVENUE AND WATER STREET INTERSECTION DETAILS
12	HOLLY COURT AND GRAND AVENUE INTERSECTION DETAILS
13	HOLLY COURT AND BROADWAY STREET INTERSECTION DETAILS
14	7TH STREET AND GRAND AVENUE INTERSECTION DETAILS
15	7TH STREET AND CENTER STREET INTERSECTION DETAILS
16	7TH STREET AND BROADWAY STREET INTERSECTION DETAILS
17-18	WINNE AVENUE PLAN AND PROFILE
19-21	HOLLY COURT PLAN AND PROFILE
22-24	7TH STREET PLAN AND PROFILE
25-33	WINNE AVENUE CROSS SECTIONS
34-47	HOLLY COURT CROSS SECTIONS
48-61	7TH STREET CROSS SECTIONS

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**CONTRACT 1-2023**

SHEET  
**1**

# Example: Village of Prairie du Sac – 2023 Street & Utility Improvements

- CIP Approved August 2022
- Project Scheduled to Bid February 2023
- Contacted Suppliers to Inquire about Water Main and Appurtenances Lead Times
- Village Proceeded with Purchasing All Water Main and Appurtenances for project in October 2022
- Project Currently Out to Bid and Includes “Install Owner-Provided...” Items



# Example: Custer Lane Utilities and Roadway Reconstruction



# Example: Custer Lane Utilities and Roadway Reconstruction

- Original bid: Spring 2022 for Fall 2022 completion
- No bids received
  - Couldn't guarantee water main materials by Fall 2022
  - Other jobs with bid opening same day
- Re-bid
  - Changed schedule to allow for Fall 2022 or Summer 2023 completion
    - Milestone 1: 60 days – Backfill trenches after placement of traffic control
    - Milestone 2: 21 days – Placement of temporary pavement -or- start roadway work
    - Milestone 3: 84 days or Aug. 1 – Completion of roadway after start
  - Received 4 bids – lowest 3 within 10%

## Additional Examples of Adapting to Current Market Conditions

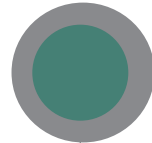
- Generators: install external transfer switch for temporary portable backup power
- PLC (SCADA): Cellular alarm dialers until permanent products available
- What if something fails (VFD, Motor)?
  - Check supplier inventory
  - Update emergency response plan
  - Purchase backup
- Other examples (still gathering info)

# Capital Improvement Planning is Integral to SRF Applications

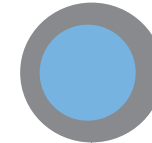
**October 31**  
ITA and PERF  
deadline



**June 30**  
SDWL  
Application



**September 30**  
Loan closing  
deadline



**Year 0**



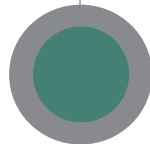
**Year 1**



**Year 2**

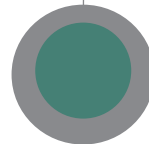
**Spring Year 1**

Project Priority List published  
CW Facility Plans Submitted



**Fall Year 1**

CWF Application Due  
Funding List Published



# Capital Improvement Planning Prepares Your Utility to Take Advantage of Funding Opportunities

- Drivers of Capital Improvements
  - Capacity
  - Water Quality
  - Aging Infrastructure
  - Shrinking Workforce
  - Equipment Lead Times
- Categories
  - Facilities
  - Processes
  - Buried Infrastructure
  - Overlap with Adjacent Departments

NEW

NEW



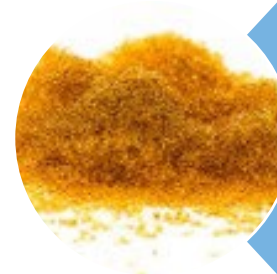


# PFAS Challenges Countered with Opportunity for 70% Principal Forgiveness up to \$5M

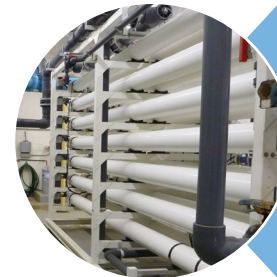
- NR Code 809 – all water utilities required to test
  - Pop. > 50,000 Oct. – Dec. 2022
  - Pop. 10,000 – 49,000 Jan. – March 2023
  - Pop. 300 – 9,999 April – June 2023
  - Pop. 50 – 299 July – Sept. 2023
  - Pop. <50 Oct. – Dec. 2023



Carbon Adsorption



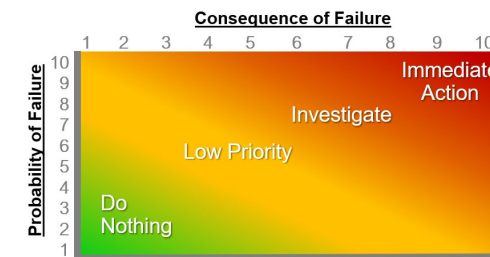
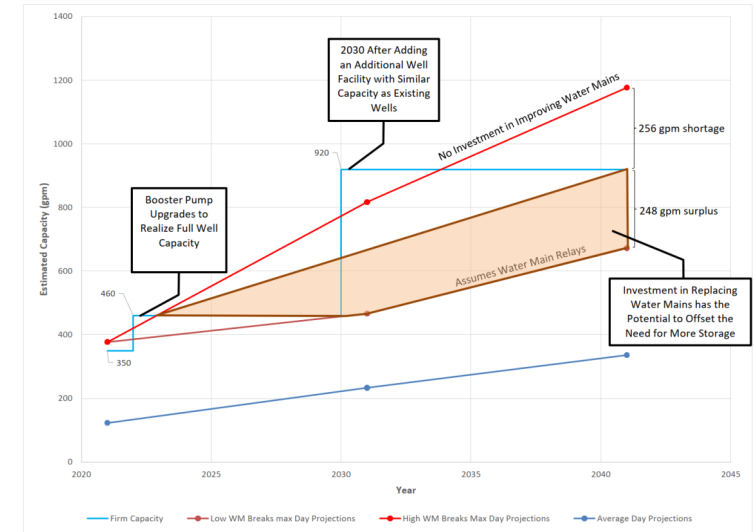
Ion Exchange



Membrane Filtration

# Your Planning Approach Effects Your Ability to React to Funding Opportunities

- Proactive – more readily take advantage of funding opportunities as they come along
  - Master plan updated every 10 years or after major utility changes (20yr period)
  - Regular rate adjustments, even if minor
  - Governing bodies have time to make informed decisions
  - Some plan funds can be recouped in the SRF application
  - Coordinate with other departments for better ROI
- Reactive – Resources may not be available for necessary predevelopment or matching funds
  - “Someone will have to deal with that after I retire.”





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**Extra slides-not used**

# Project Costs Are Being Impacted by Market Conditions and Outside Factors

- Inflation rate is 9 percent (highest in 40 years)
- Unemployment is 3.6 percent, equal to pre-COVID levels
- Gross domestic product (GDP) growth rate – decreased the last two quarters indicating recession
- However, \$5 trillion more dollars in economy due to COVID
- Construction economist predict growth from remainder of 2022 and 1st quarter 2023

*Source: smartrisk.biz*