



INTER-OFFICE CORRESPONDENCE

TO: MAYOR JUSTIN NICKELS
PREPARED BY: ROB MICHAELSON, WATER SYSTEMS MANAGER
REVIEWED BY: TROY ADAMS, GENERAL MANAGER
DATE: JUNE 3, 2025
SUBJECT: SFY26 SDWLP REIMBURSEMENT RESOLUTION
ACTION REQUESTED: APPROVAL AND ADOPTION

In November 2021, President Biden signed the Bipartisan Infrastructure Law (BIL) also known as the “Infrastructure Investment and Jobs Act of 2021”. It included \$50 billion for the EPA to strengthen the nation’s drinking water and wastewater systems - the single largest investment in water infrastructure that the federal government has ever made. The BIL provides appropriations towards Drinking Water Lead Service Line (LSL) Replacement to the tune of \$48-\$81 million.

The Wisconsin DNR is accepting applications for the SFY26 for Safe Drinking Water Loan Program (SDWLP) funding to replace LSLs. This program continues to focus on disadvantaged communities; a project targeting LSL replacements within a disadvantaged census tract or tracts can score higher towards principal forgiveness (PF).

Therefore, in an effort to continue replacing LSLs in the City of Manitowoc, MPU has applied for LSL funding for numerous Census Tracts in four (4) separate projects. The projects are split up to gain the highest principal forgiveness possible, based on median household incomes (MHI) compared to the state MHI. The maximum project cost to replace 2,240 LSLs could be as high as \$16,834,860. This is in addition to the \$10,018,000 of LSL funding received in 2024, and \$5,574,800 in 2025.

It is anticipated that SDWLP funding to replace LSLs will come with some principal forgiveness, reducing the shared cost by the homeowner. This PF will not be known until the WDNR has reviewed and approved the SDWLP applications, which are due June 30, 2025.

As part of the SDWLP application process, a Reimbursement Resolution is required to be adopted by the City. The reimbursement resolution (aka declaration of official intent to reimburse) is a municipal resolution required by the IRS declaring the municipality's official intent to reimburse a municipal account with proceeds from a tax-exempt bond or promissory note. In order to ensure compliance with IRS regulations, the Safe Drinking Water Loan Program (SDWLP) strongly encourage

municipalities to adopt a reimbursement resolution before spending any money from municipal accounts that will be reimbursed with SDWLP loan proceeds.

The Reimbursement Resolution for the SFY26 SDWLP is attached, for your consideration and adoption.

Please advise if any questions. Thank you.

Attachment