

Statement of Policy

Milwaukee Metropolitan Sewerage District's
Private Property Infiltration and Inflow Reduction Program



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List of Abbreviations

| | |
|----------|--|
| AMFA | Annual Municipal Funding Allocation |
| ARFA | Annual Residential Funding Allocation |
| CCTV | closed-circuit-televising |
| CEP | Contractor Evaluation Process |
| COB | close of business |
| District | Milwaukee Metropolitan Sewerage District |
| ESDC | engineering services during construction |
| II | infiltration and inflow |
| MOU | Memorandum of Understanding |
| PPII | Private Property Infiltration and Inflow |
| Program | Reduction Program |
| QA/QC | quality assurance/quality control |
| RFQ | Request for Qualifications |
| ROE | right-of-entry |
| SWMBE | Small, Woman, Minority, or Veteran-Owned Business Enterprise |
| TAT | Technical Advisory Team |
| WOFR | Work Order Funding Reservation |



Section 1

Introduction

Infiltration is the water, other than wastewater, entering a sewer system more slowly through such sources as defective pipes, pipe joints, connections, or manhole walls via the surrounding soil. Inflow is the water, other than wastewater, entering the sewer system through connections such as area or foundation drains, connected downspouts, and catch basins. Most sources of inflow are illegal. During rain events, infiltration and inflow (“II”) dramatically increases the flows in the sanitary sewer system.

II increases the amount of flow in the sewer system that ultimately must be conveyed, stored, or treated by the Milwaukee Metropolitan Sewerage District (“District”) at a cost to the District’s tax and rate payers. By statute and regulation¹, the District is required to manage flows within the system through II reduction to maintain a minimum level of service as defined by the Wisconsin Pollutant Discharge Elimination System (WPDES) permit. Beyond the minimum regulatory requirements, the District proactively seeks to offset the effects of aging infrastructure, changing precipitation patterns, and regional growth as outlined by the goals set forth in the District 2035 Vision. During significant rain events, II can lead to overflows from the sewer system into area waterways and can cause significant widespread property damage, as demonstrated in 2008, 2009, and 2010.

II can occur from sources on both public and private properties. Under Wisconsin law², the District is not authorized to “operate, maintain, rehabilitate or preserve local sewers or appurtenant local facilities” (see Wis. Stat. § 200.33); therefore this Private Property Infiltration and Inflow (PPII) Reduction Program (“Program”) is not providing funding for work on local sanitary sewers that are owned and operated (i.e., public property) by the District’s member and customer municipalities. The District has determined that it may perform or fund work on private property to reduce II, and thereby reduce operating costs, reduce capital program expenditures, and reduce the risks of overflows and basement backups. (See Wis. Stat. § 200.35, storm sewers within general powers of the Commission).

There are a variety of ways to reduce II from private property sources. These include downspout disconnection, foundation drain disconnection, yard drain disconnection, lateral replacement, lateral rehabilitation, and improved surface water drainage. Evaluation of private property projects completed to date through the District program have reinforced that the majority of II resides in the private side of the collection system, and that private property work to reduce II is cost effective when properly planned, designed, and prioritized³.

This Program, as described by this Policy document, is focused on funding remedies for II to reduce the amount of flow that must be conveyed, stored, and treated by District facilities, thereby reducing the risk of basement backups and overflows. This Policy document sets forth a framework for the Program. As the Program matures and additional information is gathered, the District anticipates

¹ Wis. Stat 281.41, 283.85; WAC NR110.09(5), NR110.10(4), NR210.12, NR210.21, NR210.23

² Wis. Stat. § 200.33(1)(b) states “[e]xcept as provided in sub. (2), ss. 200.21 to 200.65 do not authorize the commission to operate, maintain, rehabilitate or preserve local sewers or appurtenant local facilities constructed by a Municipality....”

³ Brown and Caldwell, Wauwatosa Rehabilitation Pilot Project, 2013; MMSD/Brown and Caldwell, West Milwaukee Case Study, 2015; Brown and Caldwell, Milwaukee Work Plan 5 II Reduction Evaluations, 2018



that it will be necessary or desirable to modify this Policy document including the funding structure of the Program.

The District makes the following Legislative Findings as the rational basis for this Program:

1. Basement backups are a significant public health and safety issue.
2. Under many circumstances, removing I/I from private property is the most direct means to reduce the risk of basement backups because it removes excess flow at the source.
3. In most circumstances, basement backups are caused by sewer surcharging very close to the affected property. Therefore, a) I/I reduction work in the combined sewer area will help reduce the risk of basement backups in the combined sewer area, and b) separating combined sewers is likely to have a minimal effect, if any, on basement backups in the separated sewer area. Most basement backups in 2008-2010 occurred in separated sewer areas.
4. PPII work can result in lower capital and operating costs to the District and the 28 municipalities it serves, along with benefits including: the availability of sewer backup insurance, lower disaster recovery costs, and preventing the devaluation of properties.
5. Disconnecting foundation drains is a very effective strategy for reducing inflow. Rehabilitation or replacement of laterals is also one of the most effective strategies for reducing infiltration, especially in communities where deteriorated laterals can contribute very large quantities of clear water to the sanitary sewer system.
6. PPII work reduces the risks of combined and sanitary sewer overflows to surface water during wet weather by increasing the percentage of total flow that can be conveyed, stored and treated.
7. Deteriorated laterals are also a source of pollution to area surface and ground waters and pose public health issues other than basement backups. (due to exfiltration of sanitary water from the laterals)
8. Although privately owned, lateral sewers are a necessary part of the collection system. While lateral replacement or rehabilitation may be a benefit to the private property owner, any benefit to the private property owner is incidental to the public benefits and public purpose described above.
9. Climate change has caused an increase in average annual precipitation for Wisconsin and an increase in daily precipitation extremes for the region. As a result, the District has and will continue to have additional flows to manage.



Section 2

Definitions

Account: The Account of each Municipality will reflect the monetary balances accumulated through the **Annual Municipal Funding Allocation** and the **Annual Residential Funding Allocation**. The District will maintain a record of the funding available to each Municipality at any given time. The District will also maintain a record the funding encumbered through approved **Funding Agreements**, authorized funding transfers, surrenders, and disbursements.

Annual Municipal Funding Allocation (AMFA): The AMFA is the partition of funds from the total Program annual budget that is allocated to an individual Municipality in any given year of the Program for multi-property projects procured, contracted, managed, and administered by the Municipality or the District on behalf of the Municipality. Projects proposed by the Municipality to be funded through the AMFA will be initiated through the **Work Plan** process and, if validated through District review, awarded through the **Funding Agreement** process. Disbursements from the AMFA component of the **Account** for work completed through an awarded **Funding Agreement** will be made by the District to the Municipality or through direct debits for collective and/or shared contracting arrangements. Each individual Municipality AMFA will be determined as a percentage of the total annual Program AMFA budget by dividing the amount of equalized value of property in the Municipality by the total equalized value in the District's entire **Service Area**. The actual amount allocated to the Municipality will depend on the District's annual budget process and the equalized value calculations for the given budget year.

Annual Residential Funding Allocation (ARFA): The ARFA is the partition of funds from the total Program annual budget that is allocated to a Municipality in any given year for work on individual residential properties initiated by the property owner and contracted by the property owner with a contractor selected from the **ARFA Contractor List** following the guidelines set forth by this Policy. Disbursements will be made by the District to the **Authorized Contractor** from the corresponding Municipality **Account** for work completed according to the terms of the agreement between the District and the **Authorized Contractor**. Each individual Municipality ARFA will be determined as a percentage of the total annual Program ARFA budget by dividing the amount of equalized value of property in the Municipality by the total equalized value in the District's entire **Service Area**. The actual amount allocated to the Municipality will depend on the District's annual budget process and the equalized value calculations for the given budget year.

AMFA Contractor List: The AMFA Contractor List is the list of contractors that have successfully completed the **Contractor Evaluation Process (CEP)** and hold a valid **Memorandum of Understanding (MOU)** with the District. Contractors listed on the AMFA Contractor List are eligible to bid on District funded projects through the AMFA component of the **Program** as outlined in this Policy.

Approved Products List: The list of products that have been evaluated and approved by the District for Program project work based on a standard set of criteria for technical standards, performance record, references, and warranty terms.



ARFA Contractor List: The ARFA Contractor List is the list of contractors that have successfully completed the **CEP** and hold a current and active agreement with the District. Contractors listed on the ARFA Contractor List are eligible to contract work with owners of residential property within the District **Service Area** through the **ARFA** component of the **Program** and receive reimbursement from the District as outlined in this Policy.

Authorized Contractor: An Authorized Contractor may be listed on the **AMFA Contractor List**, the **ARFA Contractor List**, or both depending on the certifications the contractor qualifies for through the **CEP**.

Contractor Evaluation Process (CEP): The CEP is the standard process by which the District will pre-qualify contractors to be eligible to bid on and/or complete work funded by the District through the AMFA or ARFA components of the **Program**.

Deliverables: The Deliverables section of the **Funding Agreement** outlines the required documentation the Municipality must complete and furnish to the District throughout the project schedule for the proposed scope of work outlined in the **Work Plan** to be considered reimbursable by the District. The Deliverables typically include, but are not limited to, review milestones, reports, plans, specifications, meeting notifications, authorizations, contract documents, submittals, inspection reports, quality assurance/quality control (QA/QC) reports, pay applications, invoices, as-built information, and performance data.

Design, Planning and Investigation Work: Professional and/or non-professional services to plan an II reduction program, prioritize rehabilitation efforts, assemble bid packages, or design rehabilitations or replacements is considered Design, Planning, and Investigation Work. This includes property inspections, closed-circuit-televising (CCTV), dye testing, smoke testing, lateral cleaning, and maintenance work necessary to complete the investigative work, as well as pre-rehabilitation flow monitoring work. In summary, all professional services, non-professional services, and field work completed in preparation for an II reduction project prior to the award of a construction contract will be considered Design, Planning, and Investigation Work.

Equalized Value: The equalized value is the estimated value of all taxable real and personal property in each taxation district, by class of property, as of January 1, and certified by the Wisconsin Department of Revenue (DOR) on August 15 of each year.

Funding Agreement: The Funding Agreement is drafted upon validation of a Municipality submitted **Work Plan** for work proposed to be funded by the **AMFA** component of the **Account**. The Funding Agreement defines and assigns the administrative, technical, legal, and financial responsibilities of the work to be completed as outlined in the **Work Plan**. The Funding Agreement also defines the **Deliverables** of the Municipality to the District, as well as any responsibilities, roles, or deliverables of other project partners including the District. Responsibilities defined and assigned within the Funding Agreement will include requirements and provisions that protect the financial and legal interests of the District. The Funding Agreement is in force and the scope of work within the **Work Plan** may be executed upon endorsement of the Funding Agreement by the municipal and District authorities.

Infiltration: Has the meaning established by sec. NR 110.03(16), Wis. Admin. Code.

Inflow: Has the meaning established by sec. NR 110.03(17), Wis. Admin. Code.



Lateral: For the purpose of this **Program**, the entire pipe that carries wastewater flow from a privately-owned building to a publicly-owned sewer, also known as a “building sewer.” For the purpose of this **Program**, the definition of Lateral includes: the “upper” (generally the portion on private property) and “lower” (generally the portion in the public right-of-way) lateral, the building drain, and any portion of the pipe located beneath the building.

Memorandum of Understanding (MOU): The MOU is the good faith agreement between the District and a contractor that has been determined as qualified through the District **CEP** to bid on work funded by the District through the **AMFA** component of the Program or contracts let by the District for private property work.

Municipality: The Municipality refers to any municipality serviced by the District, either as a member or customer. Milwaukee County is not considered a Municipality for this Program.

Private Property: Property that is not owned by a governmental entity. Governmental entities include cities, villages, towns, counties, school districts, sewerage districts, park districts, federal agencies, and the State of Wisconsin. Private property is not exclusive to residential parcels and may include commercial and industrial parcels.

Program: The Private Property Infiltration and Inflow Reduction Program of the District.

Program Funding: The sum of money provided by the District to Municipalities under the **Program**. Additional funding proposed through District long-term finance plans beyond the current budget year does not constitute an increase in Program Funding until committed by the District through the annual District budget approval process or through specific Commission action.

Service Area: The geographical area served by the District’s wastewater treatment system.

SWMBE: Small, Woman, Minority, or Veteran-Owned Business Enterprise

Table of ARFA Reimbursement Rates: The table of PPII reduction work types that are reimbursable to Authorized Contractors by the District through the **ARFA** component of the Program will be assembled by the District to represent a short list of the most common and effective types of PPII work that would be typically initiated by an individual property owner. The table will include standard, non-negotiable, lump-sum rates for reimbursement of each work type listed. The reimbursement rates are based on a market rate analysis of the value of each work type. The unit rates are intended to be sufficient incentive for the property owner to choose comprehensive II-reducing rehabilitation in lieu of spot repairs or temporary repairs, yet require the property owner to substantially contribute to the full cost of the work. The lump sum reimbursement structure provides the property owner free choice in selection of the contractor (within the list of **Authorized Contractors**) while alleviating the property owner of the burden of securing multiple quotes. The lump sum reimbursement structure facilitates a competitive market for pricing and work quality while providing opportunity for new entries on the **Authorized Contractor** list. For the District, the lump sum reimbursement structure controls the District cost for the completed work providing a consistent return on investment towards meeting the Program objectives. The finance structure also reduces administrative overhead and minimizes the risk of fraud. The table will be re-evaluated and revised on a regular basis to adjust the rates according to market price trends and adjust for inflation. The list of items in the table will also be evaluated and revised, as necessary, to adjust for Program performance, technology advances, and industry trends in construction methods.



Technical Advisory Team (TAT): A cooperative effort with District staff and members of the 28 communities served by the District. The group also includes representatives of the Wisconsin Department of Natural Resources, Milwaukee County, and the Southeastern Wisconsin Regional Planning Commission. The TAT provides advisory level input for facility planning and other District projects, programs, and initiatives.

USEPA: United States Environmental Protection Agency

WDNR: Wisconsin Department of Natural Resources

Work Order Funding Reservation (WOFR): The WOFR represents the initial scope of work and estimated cost as initiated by a residential private property owner through an **Authorized Contractor** proposed to be funded through the **ARFA** component of the **Program**.

Work Plan: The Work Plan is submitted to the District by the Municipality outlining the proposed work for a specific project that the Municipality would like to seek reimbursement for through the **AMFA** component of the **Program**. The Work Plan provides information on geographical location, historical background, technical characteristics, project objectives, scope of work, cost estimate, schedule, and other pertinent project elements in sufficient detail for the District to determine the eligibility of the costs that are anticipated to be incurred within the context of the **Program**.



Section 3

Annual Municipal Funding Allocation (AMFA) Funded Work

3.1 Eligible Work

This Program component provides funding for work that reduces II from private property sources on a multiple property basis in prioritized areas of a Municipality through publicly let contracts. In order to receive funding, a Municipality must submit a Work Plan to the District and obtain approval from the District through a fully executed Funding Agreement prior to beginning work. In review of the Work Plans, preference will be given to construction work; however, design, planning, and investigation work are also eligible for reimbursement.

Generally, design, planning, and investigation work should not exceed 25 percent of the estimated total project cost; however, the variability of private property work is recognized and will be considered on a case-by-case basis during the Work Plan review process. Once design, planning, and/or investigation work have been completed by the Municipality, as approved and funded through the District Program, the District expects the defined rehabilitation work will be completed. Total professional services for the project including engineering services during construction (ESDC) should not exceed 35 percent of the total project cost. The status of any incomplete work will be a consideration for approval of subsequent Work Plans.

Planning and coordination of PPII reduction work with public sector work or other private property work, such as lead water service abatement or street reconstruction, has been shown to be efficient and cost effective and is highly encouraged. While contracting public sector and private property work funded by multiple agencies to take advantage of opportunities for efficiency and cost savings is encouraged, Work Plans and project documentation must clearly delineate unit cost items to be considered for reimbursement through the Program. The District expects Municipalities to prioritize work areas, where feasible, to focus on metersheds that do not comply with the District's rules on Peak Flow Rate Reduction (MMSD Rules §3.201 et seq.); on areas with basement back-up issues; on areas with a history of municipal or District wet-weather bypassing; on areas susceptible to wet-weather overflows; and on areas likely to be sources of high II because of age and type of infrastructure. Municipalities that demonstrate they have no contiguous or discrete II problem areas should utilize funding for II work across the Municipality. Equitable distribution of any potential or assumed direct benefit to individual property owners shall not be a criterion for planning, design, or prioritization of PPII reduction work.

1. The following list includes examples of work activities on private property that will be eligible for funding upon validation of a Work Plan and award of a Funding Agreement:
 - a. Disconnection of a foundation drain connected to the sanitary sewer system with installation of a sump pump and piping to discharge the drainage to a yard, rain garden, or storm sewer system.



- b. Comprehensive replacement of deteriorated sanitary lateral sewers through traditional or trenchless methods that are relevant, appropriate, and applicable to the local conditions, and approved by the District. Generally, comprehensive replacement includes the connection to the sewer main and the upper lateral to extents of the first practicable connection to the under-house plumbing.
- c. Complete disconnection or proper abandonment of unused existing laterals or service connections.
- d. Installation of privately-owned storm sewer laterals and/or privately-owned and located storm sewers where necessary to convey clear water that is removed from the sanitary sewer system.
- e. Downspout disconnection and redirection as typically identified, and remediated as part of a lateral rehabilitation/replacement project.
- f. Inspection/investigation costs, such as dye testing, smoke testing, home inspections, CCTV, flow monitoring and related field work, within typical proportions to the rehabilitation project, as outlined within this Policy and evaluated through the Work Plan and Funding Agreement processes.
- g. Professional services including planning, design work, and preparation of bid documents within typical proportions to the rehabilitation project as outlined here within this Policy and evaluated through the Work Plan and Funding Agreement processes.
- h. ESDC including construction field oversight within reasonable proportions to the rehabilitation project as determined through the Work Plan and Funding Agreement processes.
- i. Public education, outreach, and project communication work. This includes costs related to soliciting project participation, raising project awareness, and promoting the District and/or local program.
- j. Project evaluation work including data collection and analysis. Pre-construction project evaluation and data collection, including flow monitoring, are considered design, planning, and investigation work. Project evaluation and data collection post construction are considered construction work.

Generally, lateral replacement shall be comprehensive. Sectional or spot repairs of laterals has been documented through District studies of completed work to generally be ineffective at reducing II. Sectional lateral rehabilitation may be considered in cases where sections of the lateral can be shown to be structurally sound and relatively leak free, or where a technical case can be made for II reduction through sectional replacement or rehabilitation, such as where trench transfer between stormwater conveyance and sanitary sewers has been identified as a significant source of II.

Any proprietary products or rehabilitation methods proposed to be used for a project funded by the Program must be on the Approved Products List.

2. The following work activities on private property may be eligible for funding as determined by the District on a case-by-case basis through the Work Plan verification and Funding Agreement processes.
 - a. Comprehensive or sectional rehabilitation of deteriorated sanitary lateral sewers through trenchless methods approved by the District that are relevant, appropriate, and applicable to the local conditions. Generally, comprehensive rehabilitation includes the connection to the sewer main and the upper lateral to extents of the first practicable connection to the under-house plumbing.



- b. Facilities or practices for management of surface flooding in circumstances where surface flooding is a source of infiltration and/or inflow. Preference will be given to solutions that employ green infrastructure.
- c. II reduction, such as lateral replacement or rehabilitation on a publicly-owned building, that is part of a larger private property-based project and has been approved through the Work Plan and Funding Agreement processes.
- d. Remediation of illegal connections to the sanitary sewer system (previously unknown) that are identified during rehabilitation work being done pursuant to an approved Work Plan. The actual, reasonable costs of remedying the illegal connection may be approved through the change order process as described in the Funding Agreement.
- e. Disconnection of illegal connections to the sanitary sewer system, such as downspouts, yard drains, foundation drains, and sump pumps, in circumstances where the illegal connections were installed on an area-wide basis without the current homeowner knowledge. Before approving remedies for such illegal connections, the District will require the Municipality to demonstrate, to the satisfaction of the District, that remedy of the illegal connection(s) through this Program is the most efficient and effective pathway to permanent removal of the clear water source to the sanitary system. When the project includes multiple property owners to achieve the maximum benefit of the remediation, the Municipality will be required to provide a cost share proportional to the percentage of non-participating property owners in the project area, or equivalent thereof through in-kind services (such as work done by municipal staff).
- f. Construction of new or larger storm sewer infrastructure under the following circumstances:
 - i. The infrastructure must be for the primary purpose of conveying flows removed from the sanitary sewer system through PPII reduction efforts, such as foundation drain disconnection and lateral repair; and
 - ii. The Municipality has investigated the potential to manage this additional flow using pervious areas and green infrastructure, and has demonstrated to the satisfaction of the District that it is not feasible for the flows removed from the sanitary sewer system to be managed without additional storm sewer infrastructure
- g. Rehabilitation of residential storm laterals where it has been demonstrated that the backup of stormwater from the defective storm lateral is resulting in clear water entry to the sanitary system.
- h. Any other strategies for II reduction where demonstrated to be effective.
- i. Training and/or certification costs for staff related to the competent completion of private property related work tasks. Examples of training or certification costs that may be considered as reimbursable are certifications and training classes applicable to the completion of private property rehabilitation work that are held by industry standard setting organizations, such as the National Association of Sewer Service Companies (NASSCO) or the National American Society for Trenchless Technology (NASTT).

The District is more likely to approve work described within this “may be eligible” category when there is a significant municipal contribution through cost-share or in-kind services.

3. The following list of work activities are examples of items that are not eligible for funding:
 - a. Any work on private property served by a private sanitary treatment system.
 - b. Any work on private property not within the District Service Area.
 - c. Any work on public sanitary sewers.



- d. Backflow preventers, hung plumbing, and other basement backup prevention measures that do not result in a reduction in II.
- e. Sump pump emergency backup devices or systems.
- f. Replacement of existing clear water sump pumps.
- g. Spot or sectional repair of laterals where the primary objective is restoration of structural integrity with minimal, if any, II reduction.
- h. Municipal staff time, except as described in an approved Work Plan, specific to project activities the Municipality elects to self-perform rather than contract out (see Option 3 in the Funding Agreement section).
- i. Stormwater work not directly related to the reduction of clear water removed from the sanitary system.
- j. Sanitary collection system work on property where the status as private or public is questionable (local collection systems in a privately constructed housing development with public access).

This list of ineligible work activities is not comprehensive or all-inclusive. All proposed work will be subject to review by the District through the Work Plan verification and Funding Agreement processes.

3.2 Work Plan Initiation

For any project proposed to be funded through the AMFA component of the Program, the Municipality will assemble and submit a Work Plan to the District for verification.

Work Plans should include the following information:

1. A map of the general location of the work within the Municipality. The map should show the Municipality metersheds/sewersheds with streets, identifiable cross streets, a scale, a legend, and a north arrow. The project area(s) should be clearly delineated.
2. A larger scale map of the specific project area with parcel delineation and local utilities shown. Streets should be labeled, and the map should include a scale, a legend, and a north arrow.
3. A description of the work to be performed, including details for proposed phases as applicable, including planning, investigative, design, and construction. The description shall include the role assignments for each aspect of the work performed (staff, consultant, contractor)
4. A public information/outreach/communication plan including the role assignments for completing the work and any resources that are anticipated to be needed to complete the public information/outreach/communication.
5. For construction/remediation work, a plan for provision of construction inspection.
6. A project schedule, including approximate start and end dates of all phases and milestones, with sufficient consideration for project approvals and processes.
7. A detailed project budget that includes cost estimates based on the anticipated level of effort and estimated unit costs for the labor resources and expenses.
8. A project procurement plan that details how the Municipality anticipates obtaining necessary services (public bid, three quotes, self-perform, etc.).
9. A project performance evaluation plan. The plan shall include the metrics by which the project will be evaluated, the data collection strategy, and a report of the available pre-construction data that is available. The plan is expected to outline a strategy for capturing quantitative, tangible, and reportable results for II reduction.



The District will publish, and update as required, a technical resource manual that outlines in detail, the Work Plan process, and provides resources including standard forms and templates to the Municipalities for successful completion of the Work Plan process. The District will review the Work Plan submittal for completeness and compliance with the Policy to determine validation. Once validated, the Work Plan will be promoted to the Funding Agreement process.

3.3 Funding Agreement

Upon District verification of a Work Plan, the District and the Municipality will enter into a Funding Agreement that sets forth the specific terms and conditions of funding. A fully executed Funding Agreement can be implemented through a variety of procurement options:

Option 1: The Municipality may procure contractors and/or consultants to perform the work and receive reimbursement from the District. The District will reimburse costs as incurred by the Municipality and verified by the District as outlined in the Funding Agreement. The District will strive to reimburse all costs within 30 days of submission of an invoice and delivery to the District of all supporting documentation, as outlined in the Funding Agreement.

The selection of professional service providers must be performed in accordance with the terms of the Funding Agreement and the Municipality's ordinances and policies. All non-professional service work (e.g., construction, sewer inspection, post-construction restoration) must be procured in accordance with State of Wisconsin statutes and regulations, the terms of the Funding Agreement, and in accordance with the Municipality's ordinances and policies. Whenever work valued over \$25,000 is procured without the use of a public sealed bidding process, the District will require the Municipality to provide an opinion from a licensed attorney representing the Municipality stating that the procurement is in compliance with State of Wisconsin law and Municipal ordinances.

Option 2: The District can procure contractors and/or consultants to perform the work, and the District will make direct payments to the contractors and/or consultants with a corresponding deduction from the Municipality Account. The cost of District management and oversight will also be deducted from the Municipality Account. The use of Option 2 may be used at the discretion of the Municipality. Option 2 may be attractive for Municipalities that do not have the internal staff to manage bidding, contracting, and oversight of the work. Option 2 may also be implemented by the District where the Municipality is not eligible to decline, surrender, or transfer the AMFA, and has not met Program submittal deadlines.

Option 3: A Municipality can elect to utilize internal staff to perform planning, design, and/or remediation work. The District will reimburse actual labor (hourly rate plus a benefits multiplier), material, and equipment costs for self-executed work. The District will reimburse costs for training work crews on II reduction strategies. The District will not reimburse general administrative or indirect management costs.

Option 4: Municipalities may be able to combine Work Plans under District-let contracts for additional cost savings, consistency of work, and administrative efficiencies. The cost of District management and oversight will be equitably deducted from the Accounts of participating Municipalities. Where several municipalities are proposing similar types of work within a similar time period, the District prefers Option 4 and reserves the right to require the work to be completed under a District-let contract.

The Funding Agreement sets forth the following terms of project completion between the Municipality and the District:

1. The foundational objectives of the Program and the agreement.



2. The effective dates of the agreement that include the date from which the terms of the agreement become effective as well as the timeline in which the terms of the agreement expire. Generally, the District expects the scope of work defined by the agreement to be completed and all eligible expenses to be submitted for reimbursement within two years of the effective date of the agreement.
3. The terms of the District funding including the monetary value, the restrictions, and the requirements of the funding.
4. The procedures of the payment that include instructions for submitting reimbursement requests to the District for expenses incurred by the Municipality. The procedures will include restrictions and minimum requirements for details and supporting documentation.
5. The terms for changes in work and modifications to the agreement.
6. The ongoing obligations of the Municipality for reporting on the project after completion of the work beyond the term of the agreement.
7. The responsibilities of the Municipality to ensure compliance with federal, state, and local laws pertaining to permits, certifications, and licenses in implementing the work.
8. The requirements for adherence to public bidding laws, including distinctions between Municipal level and District level obligations, to comply with public bidding laws.
9. The responsibility assignments for work, insurance, and indemnification.
10. The terms for termination of the agreement by the District or the Municipality.
11. The terms of severability
12. The terms for resolving disputes
13. Other miscellaneous assignments of roles and responsibilities as appropriate for the specific project or as the Program evolves.

The Funding Agreement includes the following attachments:

Attachment A: Attachment A typically consists of the Work Plan as submitted by the Municipality in its entirety. Attachment A may be condensed to only include essential components of the Work Plan, such as background, scope, budget, and schedule, depending on the length of the Work Plan. Graphics are only included in Attachment A where deemed necessary to convey key project information that is not represented in text.

Attachment B: Attachment B is the list of Deliverables due the District by the Municipality for the scope of work agreed to in the Funding Agreement for eligible expenses to be fully reimbursable. Attachment B is drafted by the District and includes schedule milestone check points, review check points, and communication requirements along with tangible documents and data. The District reserves the right to deny payment or reduce payment for incomplete delivery of the Deliverables or failure to submit all Deliverables within the times set forth in the Funding Agreement.

3.4 Work Execution

The Municipality is authorized to proceed with the work as outlined in the Work Plan and documented in the Funding Agreement upon completion of the Funding Agreement process (all signatures have been completed). The Municipality has the sole responsibility to be familiar with terms of the Funding Agreement, including the Deliverable check points. As delegated in the Funding Agreement, the Municipality is responsible to set forth specific mechanisms for inspection and verification of the work depending on the size, scope, and nature of the work to be performed. For construction work, this typically will be full-time inspection by qualified, experienced staff, particularly



where data collection is critical and/or where unproven, high risk, and/or historically problematic conditions exist.

In addition, the District may, at its sole cost and without debit to a Municipality's Account, perform periodic checks of construction projects to ensure that the work is proceeding according to the approved Funding Agreement.

3.5 Authorized Contractors

Contractors interested in bidding on work funded by the AMFA component of the Program are required to complete the CEP. The CEP will consist of a standard review of technical, financial, and risk criteria such as trade experience, work force capacity, equipment capacity, trade certifications, training certifications, insurance limits, and bonding capacity. The CEP will also include a review of performance criteria such as safety record, customer satisfaction, work integrity, and contract performance. As part of the CEP, the District may require the contractor to provide project and/or customer references. Contractors may express interest in participating in the Program through a Request for Qualifications (RFQ) process as publicly advertised by the District, or they may contact the District directly. Upon successful completion of the CEP, the contractor will be required to complete the following to be an Authorized Contractor and listed on the AMFA Contractor List:

1. District contractor training specific to AMFA funded work. The contractor training will familiarize the contractors with the District Program, the objectives of the Program, and the responsibilities the contractor will typically have to the District for Program work awarded to the contractor through either a Municipality-let contract, or a District-let contract.
2. Memorandum of Understanding (MOU). The MOU will outline the expectations of the District for the contractor in completing work funded through the AMFA component of the Program regardless of the owner of the contract. The MOU will include commitments by the contractor such as, but not limited to, the following:
 - a. Meet District safety requirements
 - b. Pursue District SWMBE goals
 - c. Pursue District local workforce goals
 - d. Communicate and report with/to the District
 - e. Meet District standards for communication with property owners
 - f. Maintain the minimum requirements as set forth by the CEP

The MOU will define the terms for which the District or the contractor may terminate the agreement with removal from the AMFA Contractor List.

The District reserves the right to consider waiving the Authorized Contract requirements for specific individual projects under unique circumstances.

3.6 Access

Access to private properties shall be obtained through a voluntary right-of-entry (ROE) agreement. The District has a template ROE agreement that can be customized by the Municipality. Obtaining access is the responsibility of the Municipality, except under the District-let procurement Options 2 or 4 (described in Section 3.3 Funding Agreement), District-led QA/QC work, District-led research work, and/or District-led pilot projects.

ROE agreements shall include terms that provide the Municipality and/or the District access to the completed work for a post construction period of at least three years for completion of the warranty



inspection. Communication, notification, and coordination with the property owner will be implemented prior to any entry to a property for any aspect of work completed through this Program.

If a Municipality or the District identifies an II contributing property and the property owners will not voluntarily allow access, either the Municipality or the District may apply to the appropriate court for enforcement of the District's or Municipality's rules.

3.7 Design, Planning and Investigation

The focus of this Program is on actual remediation work to reduce II from private property sources. While no universal cap on spending for design, planning, and investigation work will be set, each Work Plan will be evaluated on a case-by-case basis. As general guidance, design, planning, and investigation costs should not exceed 25 percent of the total estimated project costs. While costs for ESDC are considered a construction cost, all costs for professional services for a project including ESDC should not exceed 35 percent of the total project cost.

In addition, the District will enter into contracts for regional engineering, field investigative services, construction services, and/or public outreach related to PPII reduction work as the need arises. As available, the regional services provided by these District contracts are available to all Municipalities for completion of PPII reduction projects. Each of the District's Municipalities may obtain services from the contracts, subject to the District's budget, pending Funding Agreement completion and the individual Municipality Account balance. The cost of service obtained from the regional contracts will be deducted from the Municipality's Account.

3.8 Public Education and Outreach

Public education and outreach are critical to the success of this Program. Property owners will need to understand the importance of their buried infrastructure and the objectives for having this work completed on their property. Where new infrastructure is being installed (e.g., foundation drain disconnects with sump installation), property owners need to understand the new components, the related risks, and the new maintenance requirements.

It is imperative that property owners understand the limitations of the work being completed and understand any remaining risks, particularly where defects and/or code violations are identified through the course of the work that are outside of the scope of work and are likely to cause problems for the property owner in the future.

Public education and outreach performed in a specific Municipality in conjunction with II reduction work is eligible for reimbursement under this Program.

The District will produce public outreach materials for Municipality use. The District will maintain online resources for information on PPII reduction for property owners, as well as Program information and resources.

A post construction survey for participating property owners will be a standard deliverable for all District funded AMFA projects.



Section 4

Annual Residential Funding Allocation (ARFA) Funded Work

4.1 Eligible Work

The ARFA Program component provides funding through District Authorized Contractors to individual residential property owners for the completion of work that reduces II from private property sources. To receive funding through the ARFA Program, an individual property owner must initiate the process by contacting an Authorized Contractor. Once the Authorized Contractor has determined that the property owner is eligible to participate in the Program, the contractor shall confirm the following: 1) that the property owner is willing to have a Clear Water Evaluation completed, 2) the property owner is willing to complete the remediation work identified in the Clear Water Evaluation, 3) the property owner is willing to sign the District participation waiver, and 4) there is a sufficient ARFA Account balance to complete the anticipated scope of work. Upon confirmation of items 1 through 4 above, the Authorized Contractor shall negotiate the terms of the contract for the proposed scope of II reduction work with the property owner and have the property owner sign the District participation waiver. The contractor shall then submit a Work Order Funding Reservation (WOFR) via the District reservation system.

The Clear Water Evaluation will identify any direct clear water connections to the sanitary system (legal and illegal), including foundation drains, downspouts, sump pump discharges, and yard drains. To be eligible for District-funded II reduction work on their property, the property owner must first remediate all items identified through the Clear Water Evaluation. The costs for the remediation of Clear Water Evaluation items may be eligible for reimbursement to the limit of the items and values listed in the Table of ARFA Reimbursement Rates. Not all Clear Water Evaluation work will be eligible for District funding and may be the responsibility of the property owner.

While the Authorized Contractor may complete any scope of work requested by the property owner within the contract between property owner and Authorized Contractor, the District reimbursable work must be itemized, priced, and documented separately. Any proprietary products or rehabilitation methods proposed to be used for ARFA funded work must be on the Approved Products List.

1. The following list of work activities on private property are examples of items that may be eligible for funding through the ARFA component of the Program contingent upon the terms of the agreement between the District and Authorized Contractor and the current Table of ARFA Reimbursable Rates:
 - a. Clear Water Evaluation.
 - b. Comprehensive replacement or rehabilitation of the sanitary lateral through traditional excavation or trenchless methods recognized by the Wisconsin Standard Specifications for Sewer and Water Construction or listed on the Approved Products List. The lateral replacement and/or rehabilitation must extend from the sanitary main connection and include the upstream lateral to the limits of the first practicable connection to the



- under-house plumbing. Exceptions will be considered where the right-of-way section of the lateral has either been replaced/rehabilitated or the right-of-way section of the lateral is free of structural and operation/maintenance defects.
- c. Disconnection of a foundation drain connected to the sanitary sewer system with installation of a sump pump and piping to discharge the drainage to a yard, rain garden, or storm sewer system. The typical work necessary to disconnect the palmer valve and redirect the foundation drain piping to the new sump pump is included.
 - d. Electrical circuit installation for a new sump pump as part of a foundation drain disconnection that is completed within the scope of Program work.
 - e. Complete disconnection or proper abandonment of existing unused sanitary laterals, and/or extraneous connections to the lateral or lateral connection riser.
 - f. Installation of privately-owned storm sewer laterals for the conveyance of sump pump discharge as part of a foundation drain disconnect under the same WOFR.
 - g. Disconnection of a downspout that has been identified as a direct connection to the sanitary system.
 - h. Wisconsin State Plumbing Code compliant clean-out (internal or external) as part of the lateral replacement/rehabilitation work as necessary for access to the lateral.
 - i. Replacement or rehabilitation of the stormwater lateral where the backup from the lateral has been identified as a source of clear water to the sanitary system. (will require a dye test or equally acceptable positive identification and verification).
2. The following activities are not eligible for funding:
- a. Any work on private property served by a private sanitary treatment system.
 - b. Any work on private property not within the District Service Area.
 - c. Backflow preventers, hung plumbing, and other basement backup prevention measures that do not directly result in a reduction in II.
 - d. Sump pump emergency backup devices or systems.
 - e. Electrical service upgrades.
 - f. Sectional or spot replacement or repair of sanitary laterals.
 - g. Replacement of an existing clear water sump pump.
 - h. Plumbing to correct illegal connections of sump pump discharge to the sanitary sewer.
 - i. Work required to correct non-compliant plumbing in the course of completing the lateral replacement/rehabilitation work or the foundation disconnect work.
 - j. Foundation drain installation or repair outside of the typical work necessary to abandon the palmer valve and redirect the foundation drain to the new sump pump.
 - k. Multiple clear water sump pumps as may be necessary due to extraordinary building or foundation drain configurations and/or extraordinary clear water flows.
 - l. Work that has already been completed prior to contractual arrangements with an Authorized Contractor
 - m. Work performed by the property owner or work completed by any other entity other than the Authorized Contractor
 - n. Work where the actual value of the work is less than the lump sum reimbursement rates as listed in the current Table of ARFA Reimbursable Rates.



4.2 Authorized Contractors

Contractors interested in participating in the ARFA component of the Program are required to complete the CEP. The CEP will consist of a standard review of the experience, capacity, trade certifications, and training certifications of the contractor. The CEP will consist of a standard review of technical, financial, and risk criteria such as trade experience, experience with residential customers, work force capacity, equipment capacity, trade certifications, training certifications, insurance limits, local residential contractor licenses, and bonding capacity. The CEP will also include review of performance criteria such as safety record, customer satisfaction, consumer satisfaction survey ratings, work integrity, customer communication, and customer responsiveness. As part of the CEP the District may require the contractor to provide customer references. Contractors may express interest in participating in the Program through an RFQ process as publicly advertised by the District or they may contact the District directly. Upon successful completion of the CEP, the contractor will be required to complete the following to be an Authorized Contractor and listed on the ARFA Contractor List:

1. District contractor training specific to ARFA funded work. The contractor training will familiarize the contractors with the District Program, the objectives of Program, and the responsibilities of the contractor to cooperatively meet the Program objectives while keeping the ARFA component of the Program as streamlined as possible. The training will include instruction on District processes, information platforms, and communication platforms that the contractor will need to utilize for successful navigation of the Program workflow. The contractor will receive instruction in completing the Program processes from the initial contact with a property owner to successful reimbursement by the District for work completed within the terms of the Program. The training will include instruction on the Approved Products List and the Table of ARFA Reimbursement Rates.
2. An agreement with the District. The agreement will outline the terms of work completed on behalf of property owners that is reimbursable to the Authorized Contractor by the District through the ARFA Program component. The agreement will define the typical terms of an agreement such as value, scope, invoicing, insurance, etc. The agreement will define the deliverables and data due the District by the Authorized Contractor for reimbursable work. The agreement will include the responsibilities of the Authorized Contractor to meet the District defined standards for compliance, customer service and work integrity. The agreement will define the terms for termination of the agreement by the District or the Authorized Contractor. Upon execution of an agreement with the District, the contractor will be placed on the ARFA Contractor List and will be eligible to complete work with interested property owners and submit to the District invoices for work completed as defined by the terms of the District/Authorized Contractor agreement.

4.3 Program Eligibility

Any eligible property owner (residential, two unit or less, within the District Service Area) may participate in this program. The Program is limited to the availability of funds as allocated annually through the ARFA to the Municipality in which the property resides. Funding will be available on a first come-first serve basis as managed by the WOFR system to the annual limits of the funding. Property owners may be placed on a waiting list pending availability of subsequent annual allocations to the ARFA once the yearly allocation has been exhausted.



4.4 Work Execution

Eligible property owners may initiate a Work Order through any Authorized Contractor. The Authorized Contractor is responsible for explaining the terms of a contract to complete work through the Program to the property owner. The property owner and Authorized Contractor contract directly for the scope of work the property owner requests to be completed. The scope of work completed by the Authorized contractor for the property owner is not restricted to the work eligible for reimbursement through this Program; however, the reimbursement by the District is limited to eligible work. All costs exceeding the terms and restrictions of this Program are the responsibility of the property owner. The District reimburses the Authorized Contractor directly for work completed, submitted, and verified within the guidelines of this Policy, and the terms of the District/Authorized Contractor contract according to the values listed in the Table of ARFA Reimbursement Rates.

Once the property owner and the Authorized Contractor have agreed upon the scope of work to be completed and identified the portions of the scope of work eligible for ARFA reimbursement, the Authorized Contractor shall confirm that sufficient funds remain in the corresponding Municipal ARFA Account to cover the value of the reimbursable work. Once funds have been confirmed, the Authorized Contractor will reserve funding allocation on behalf of the homeowner through a WOFR. The WOFR reserves sufficient funding to reimburse the Authorized Contractor based on the estimated scope of work as agreed upon between the property owner and the Authorized Contractor. The WOFR monetary value is reserved for 60 days beyond submittal. Upon completion of the work, the Authorized Contractor will invoice the District directly for the portion of the work that is reimbursable based on the Table of ARFA Reimbursement Rates. Any value of the WOFR beyond the actual reimbursement to the Authorized Contractor is returned to the corresponding Municipal Account. The reimbursement for actual work completed may exceed the WOFR value; however, the Authorized Contractor is at risk for non-payment if the value of reimbursable work exceeds the value of the WOFR and the Municipal Account has been exhausted for the current budget year. The Authorized Contractor is responsible for the payment terms of the contract between property owner and the contractor including collection of all due payments from the property owner for work completed outside the limits of this Program.

4.5 ARFA Program Component Options

Option 1: The ARFA component of the Program may also be utilized by Municipalities that have limited financial or staff resources and/or prefer to limit the risk and liabilities associated with private property work. The Municipality may consider utilizing the ARFA component to focus PPII reduction in a target area by actively promoting and advertising the ARFA component to property owners within the designated project area. While the Municipality effort may be limited to facilitating the initial contact and communication between the property owners and the Authorized Contractors, the contracting, implementation, and administration of the work is left to the property owners, the Authorized Contractors, and the District.

4.6 Access

The terms of access to the property by the Authorized Contractor is the responsibility of the Authorized Contractor. A standard District statement of Program conditions and disclaimer (waiver) will be a required component of contracts between property owners and Authorized Contractors.



4.7 Verification of Work Completed

The requirements of the District for documentation, verification, and submittals for the work will be outlined through the contractor training process. The District will be relying on the terms of the District/Authorized Contractor agreement and the integrity of the Authorized Contractors to maintain sustainable, minimal, and successful administration of the ARFA component of the Program. The performance of the Authorized Contractors will be monitored through a scoring system that will include demerit points for non-compliance and/or poor performance. The District will reserve the right through the terms of the agreement to remove contractors from the ARFA Contractor List for poor performance including compliance. Final verification of the completed work to comply with industry quality standards, integrity standards, manufacturer standards, and regulatory standards will be provided by the Municipal residential inspectors through the Municipal permitting processes. All reimbursable work will be required to have an inspection completed through the applicable Municipal permitting process. District inspectors will also perform spot inspections during construction and on completed work.

4.8 Public Education and Outreach

All materials for information, promotion, and property owner guidance for the Program shall be produced or approved by the District prior to distribution. Authorized Contractors may not distribute advertising or promotional material exclusive to their company for the Program. Authorized Contractors may not independently advertise or solicit work exclusive to the Program without express consent by the District and the Municipality. The District will be promoting the Program and providing informational materials for media distribution, District event distribution, and for distribution by Municipalities. Authorized Contractors may distribute District informational and promotional material upon contact from an interested property owner. A post construction customer survey will be a standard component of the Authorized Contractor and homeowner project closeout.



Section 5

Funding

5.1 Annual Municipal Funding Allocation (AMFA)

The AMFA is the amount of money from the Program annually allocated to a Municipality in any given year of the Program, based on the equalized value of the Municipality's service area as a percentage of the total equalized value of the District's entire Service Area. The AMFA is specific to the AMFA component of the Program as outlined in this Policy, and is discrete and separate from the ARFA component except when transfers occur within the terms of this Policy.

Annually, the District will approve the PPII Program budget through the District budget process, which is typically completed in October. The PPII Program budget will be split into two components, the AMFA component and the ARFA component, based on budget utilization data of budgets from previous years. Once the District has determined the share of the PPII Program budget that will be assigned to the AMFA component of the Program, the funds will be distributed to each individual Municipality AMFA account based on the previous year's equalized value formula. The Municipality specific AMFAs will be announced by the close of business (COB) of the first business day in February of the subject District budget year. Each Municipality will have until COB of the first business day in June to submit documents under one of the four following options (or combination thereof) to the District;

1. **Option 1. Intent to Commit Funds:** A statement of intent communicates the dollar amount the municipality intends to commit to a Work Plan and subsequent Funding Agreement within the current budget year to complete a proposed project(s). The details of the Work Plan are not necessary at this point. The value stated in the Intent to Commit Funds may include funds from a previous roll over. The Intent to Commit Funds may be for the full value of the current AMFA or it may be combined with one of the other three options. The maximum value of the Intent to Commit Funds is 100 percent of the current budget year AMFA and a 100 percent of the rollover from the previous budget year AMFA.
2. **Option 2. Request to Roll Over:** A request may be submitted to roll over part or all of the current AMFA. The maximum term for a rollover is one budget year. Any uncommitted balance of a roll over in the subsequent budget year is considered to be surrendered.
3. **Option 3. Statement of Decline:** A Statement of Decline is an explicit statement by the Municipality that all or part of the current AMFA will be declined and will not be submitted through a Work Plan. The funding that is declined will be applied to a subsequent District annual general capital budget. For a Statement of Decline to be considered by the District, the following conditions must apply to the Municipality:
 - a. Compliant with District Chapter 3 Rules; and
 - b. Not subject to administrative compliance orders from any regulatory agency such as the WDNR or the USEPA; and
 - c. No sub-metersheds or local collection system legs that have wet-weather peak flows and create system operational challenges or have negative impacts to property owners; and
 - d. No recurring sanitary sewer overflows or systemic basement backups occur; and



- e. No local sewers or pump stations surcharge or require by-pass pumping during wet weather; and
 - f. No private properties in the Municipality have foundation drains that discharge to the sanitary sewer system; and
 - g. Within reasonable methods of identification, no private properties in the Municipality have substantial contributions of clear water to the sanitary system due to deterioration and/or inflow, either individually or collectively; and
 - h. Within reasonable methods of identification, illegal connections of clear water flow to the sanitary system have been identified and remediated.
4. **Option 4. Request to Transfer:** The Municipality may request to transfer all or part of the current AMFA, as well as any rollover balance from the previous budget year, to a qualifying District program or the ARFA component to the Municipality Account. For a Request to Transfer to be considered by the District, the following conditions must apply to the Municipality:
- a. Compliant with District Chapter 3 Rules; and
 - b. Not subject to administrative compliance orders from any regulatory agency such as the WDNR or the USEPA; and
 - c. No sub-metersheds or local collection system legs that have wet-weather peak flows and create system operational challenges or have negative impacts to property owners; and
 - d. No recurring sanitary sewer overflows or systemic basement backups occur; and
 - e. No local sewers or pump stations surcharge or require by-pass pumping during wet weather; and
 - f. No private properties in the Municipality have foundation drains that discharge to the sanitary sewer system; and
 - g. Within reasonable methods of identification, no private properties in the Municipality have substantial contributions of clear water to the sanitary system due to deterioration and/or inflow, either individually or collectively; and
 - h. Within reasonable methods of identification, illegal connections of clear water flow to the sanitary system have been identified and remediated.

All AMFA funds that have not been accounted for by an Intent to Commit Funds, a Request to Rollover, a Statement of Decline, or a Request to Transfer will be assumed to be surrendered. The surrendered funding will be pooled for the Competitive Application Process.

5.1.1 Competitive Application Process

Each budget year, a Competitive Application Process will be conducted to provide municipalities the opportunity to acquire PPII funding in addition to the funding available through the annual allocations. Regardless of compliance status, all municipalities are eligible to submit an application for additional PPII funding through the Competitive Application Process. A Municipality that has submitted a Statement of Decline may not retract the Statement of Decline; however, it may participate in the Competitive Application Process. The Competitive Application Process and the total value of the funding available will be announced by COB of the first business day of July. Applications will be due by COB of the first business day in August. Applications will be evaluated by the District based on the II reduction goals of the proposed projects, the strategy for evaluating the results, the estimated cost/benefit ratio (II removal, cost share by applicant, effectiveness of proposed means/methods, etc.), innovation value, and public awareness value. Awards for funding through the Competitive Application Process will be announced by COB of the first business day in



September. At the end of the budget year, the District reserves the right to reevaluate all unsuccessful Municipality applications if additional surrendered funds have accumulated through the budget year PPII processes and deadlines.

5.1.2 Work Plan Submittal

By COB of the first business day of October of the subject budget year, a Work Plan must be submitted to the District for any funds that the Municipality intends to commit to PPII projects. The Work Plan must include all funds that the Municipality has committed through an Intent to Commit Funds, has rolled over from the previous budget year, or has been awarded through the Competitive Application Process. All funds held by compliant municipalities (AMFA or awarded through the Competitive Application Process) not committed to a Work Plan by October 1 will be considered surrendered. All Work Plans must be secured by a Funding Agreement by COB of the last business day in December. All committed funds held by compliant municipalities not secured by a Funding Agreement by COB of the last business day in December will be considered surrendered.

5.1.3 Non-compliant Municipalities

At COB of the last business day in December of the subject budget year, all funds remaining in the AMFA component of Accounts held by non-compliant municipalities that have not been secured by a Funding Agreement or rolled over will be considered surrendered.

5.1.4 Surrendered Funds

At COB of the last business day in December of the subject budget year, all funds budgeted for the AMFA component of the Program that have not been accounted for through a Funding Agreement, a Rollover, or a Transfer will be considered surrendered.

At COB of the last business day in December of the subject budget year, all surrendered funds, at the discretion of the District, will either be returned to the District capital budget, utilized through District-let contracts as defined by Option 2 in the Funding Agreement section, or considered for award to Municipality applications to the Competitive Application Process that were initially unsuccessful.

5.1.5 Requests to Transfer

Certain Municipalities serviced by the District may reach a point where further identification of private property sources of II is not feasible and/or further remediation of private property sources of II has diminishing returns on the investment. Municipalities that are eligible, may consider utilizing Option 4, Request to Transfer, under Policy section Funding/A. Annual Municipal Funding Allocation (AMFA).

Requests to Transfer may be made from the AMFA to the following:

1. Qualifying District programs are programs approved by the Commission, funded through an annual equalized value allocation structure, and designated by the District as a qualifying program. The annual equalized value allocation funding structure has proven to be a valuable resource for the Municipalities and the District to meet regulatory requirements and proactive regional goals to improve system performance. Green Infrastructure programs are an example of current programs that may be identified as qualifying District programs. Where opt-out options are part of an otherwise qualifying District program, Municipalities that have chosen to opt-out of such programs will not be able to transfer AMFA PPII funds into the qualifying program.
2. The ARFA component of the PPII Program.



The District will strive to issue a decision to the requesting Municipality within 30 days of submission of a Request to Transfer. All District decisions for Requests to Transfer will be issued by COB of the last business day in June of the subject budget year.

5.1.6 Spending Above the Annual Funding Allocation

Municipalities may wish to spend more on private property work in a given year than the funds that are available through the current AMFA or Account balance (including roll overs). Pursuant to a verified Work Plan, a Municipality may spend more than the current Account balance, however the Municipality is at risk for being reimbursed for the completed work contingent on approval of subsequent District annual budgets. To facilitate Municipal requests to complete private property work with costs that exceed the current Account balance of the Municipality, the Municipality shall follow the standard Work Plan approval process. Upon approval of the Work Plan, one of the following will be completed by the District and the Municipality:

1. Where the Account balance of the Municipality is greater than \$0, a Funding Agreement will be completed with a maximum value equal to the current Account balance of the Municipality. In addition to the typical agreement terms and deliverable requirements, the agreement will outline the intent of the Municipality to request reimbursement for additional expenses, beyond the Funding Agreement value but within the Work Plan details, if additional funding may become available through subsequent AMFAs or awards through the Competitive Application Process.
2. Where the Account balance of the Municipality is \$0, a \$0 value Funding Agreement will be completed with the typical agreement terms and deliverable requirements with a statement of intent by the Municipality to request reimbursement for expenses within the terms of the Funding Agreement if additional funding may become available through subsequent AMFAs or awards through the Competitive Application Process.

It is important to note that no Program funding for any year is guaranteed until the District's Commission passes the District budget for that year (typically October of the year preceding the subject budget year).

5.1.7 Cost Match

In general, the District is not requiring any matching funds from Municipalities in order to receive funding from the District under the AMFA component of this program. The District encourages Municipalities to contribute local and/or third-party funding toward PPII reduction to maximize the results that can be achieved through this Program.

A cost match may be required where a Municipality is using funding for the remediation of illegal connections or where the Municipality is using funding to construct additional storm sewer infrastructure. This will be considered on a case-by-case basis.

5.1.8 Appeals

Appeals to the processes of this Program may be submitted under the following conditions:

1. An appeal may be submitted where a Municipality has met all Program deadlines throughout the budget year, including the Work Plan submittal, yet has not completed the Funding Agreement process prior to COB of the last business day in December. The Municipality may submit a one-time appeal for a 30-day extension. Where an extension has been granted, the Municipality may work to resolve outstanding issues withholding the Funding Agreement or elect to roll funds over. If, at the end of the 30-day extension, the Funding Agreement has not been completed nor a Request to Roll Over has not been submitted and approved, the funds will be considered surrendered.



2. An appeal may be submitted where a Municipality has submitted a Request to Transfer that was not approved by the District, prior to COB of the first business day in June. The Municipality may submit a one-time appeal for a 30-day extension. Where an extension has been granted, the Municipality may work to resolve outstanding issues withholding the Request to Transfer, may submit an Intent to Commit, or elect to roll funds over. As of COB of the last business day in June, all funds that are not accounted for by an approved Request to Transfer, an approved Request to Rollover, or an Intent to Commit will be considered surrendered.
3. An appeal may be submitted by a Municipality that wishes to submit a Request to Transfer funds from the AMFA component to the ARFA component where the Municipality has been determined ineligible to submit a Request to Transfer according to the terms of this Policy. Appeals in this category will be typically considered in cases where the Municipality AMFA is not sufficient to realistically complete a publicly bid project.

5.2 Annual Residential Funding Allocation (ARFA)

Annually, the District will approve the PPII Program budget through the District budget process which is typically completed in October of the year preceding the subject budget year. The PPII Program budget will include the ARFA component, based on budget utilization data of budgets from previous years. The total District budget for the Program and the assignment to ARFA component may vary year to year, depending on the overall prioritization of District capital projects and the Program specific goal to minimize the accumulation of unused funds. Once the District has determined the share of the PPII Program budget that will be assigned to the ARFA component of the Program, the funds will be distributed to each individual Municipality ARFA account based on the previous year's equalized value formula by February 1 of the subject budget year. The ARFA is specific to the ARFA component of the Program as outlined in this Policy, and is discreet and separate from the AMFA component except when transfers occur within the terms of this Policy.

Once ARFA funds are assigned to each Municipality, there is no option to decline or transfer. Municipalities may transfer AMFA funds to ARFA. The District will maintain records of allocated and available funds in "real time" which can be reviewed by Authorized Contractors and Municipalities on the District PPII website. No direct payments will be made to individual property owners. Reimbursements through the ARFA for work completed on individual properties will be made only to Authorized Contractors within the terms of this Policy.

Based on individual Municipality ARFA Account balances as of the COB of the last business day in December, all funds exceeding two times the current budget year ARFA allocation will be transferred to the AMFA Account of the Municipality for the subsequent budget year Program cycle.



Section 6

Rule Changes

In support of this PPII Program, the District may make changes to its rules. Should this occur the District will follow the notice and comment procedures required by Wisconsin Statutes § 200.45 and involve the Technical Advisory Team.

