

State of Michigan
Rick Snyder, Governor

Department of Environmental Quality

Dan Wyant, Director

INTERNET: <http://www.michigan.gov/drinkingwaterrevolvingfund>

Drinking Water Revolving Fund
Final Intended Use Plan
Fiscal Year 2013

Prepared by:
Revolving Loan Section
Resource Management Division
September 2012

The Michigan Department of Environmental Quality (DEQ) will not discriminate against any individual or group on the basis of race, sex, religion, age, national origin, color, marital status, disability or political beliefs. Questions or concerns should be directed to the DEQ Office of Human Resources, P.O. Box 30273, Lansing, MI 48909.

DWRF DWRF DWRF DWRF DWRF DWRF DWRF

Table of Contents

I.	Introduction	3
II.	Structure of the Drinking Water Revolving Fund	4
III.	Advantages of the Drinking Water Revolving Fund	5
IV.	Goals	6
V.	Allocation of Funds	7
VI.	Criteria and Method for Distribution of Funds - Set Asides	8
VII.	Criteria and Method for Distribution of Funds - Project Loans	15
VIII.	Disadvantaged Business Enterprise.	16
IX.	Disadvantaged Community Status	16
X.	EPA Automated Clearinghouse Activities	17
XI.	Assurances	17
XII.	Output/Outcome Measures	17
XIII.	Public Review and Comment	18
XIV.	Origination of Documents	19

DWRF Final Project Priority List (PPL) for Fiscal Year (FY) 2013
DWRF Final Green Project Reserve List for FY 2013
DWRF Final PPL Future Projects for FY 2013
DWRF Final PPL Scoring for FY 2013
Category Costs for FY 2013 Final PPL

I. INTRODUCTION

The Michigan Department of Environmental Quality (DEQ) through the Resource Management Division (RMD) administers the Drinking Water Revolving Fund (DWRF). The DWRF program details are set forth in Part 54, Safe Drinking Water Assistance, MCL 324.5401-324.5421, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451). In addition, the Michigan Finance Authority (Authority) is charged with administering DWRF funds through the Shared Credit Rating Act, 1985 PA 227, as amended (Act 227).

The DWRF provides reduced interest rate loan financing to qualified water suppliers to finance construction of public water systems. Projects may include new wells, new water treatment plants, storage facilities, upgrades or expansions to existing facilities, transmission lines, pumping facilities, and other related waterworks system improvements. Suppliers must meet federal and state program requirements, as well as demonstrate their ability to publicly finance their project and retire project debt. In addition to the loan provided by the DEQ, suppliers also have the option to pay for part of their project with cash and other resources. Since 1998, Michigan has awarded \$696 million in financial assistance to over 241 borrowers. In fiscal year (FY) 2013, the DWRF will fund \$40 million worth of projects.

This final Intended Use Plan (IUP) describes how the DEQ and the Authority will jointly administer all available DWRF funds during FY2013. An IUP is a required part of the process to request the federal FY 2012 capitalization grant, which will be matched with 20 percent in state match funds. The FY 2012 capitalization grant allotment for Michigan is \$27,263,000 and the associated state match is \$5,452,600. The Revolving Loan Section (RLS) of the RMD is charged with carrying out the program administration responsibilities. The Drinking Water and Environmental Health Section (DWEHS) and the Field Operations Section of the RMD will assess project priority, issue the necessary construction permits, and offer technical review and assistance throughout project planning, design, and construction. Financial administration of the program will be handled by the staff of the Authority.

The U.S. Environmental Protection Agency (EPA) Region 5 staff will offer guidance and conduct annual program oversight reviews of the DWRF. The EPA serves as a helpful partner in creating and maintaining this program.

The relationship between the DEQ, the Authority, and the EPA is established in an Operating Agreement signed by authorized signatories from each agency. The Operating Agreement is incorporated into this IUP by reference and is available from the DEQ upon request.

This final IUP includes detail on specific project funding and identifies amounts to be set aside from federal capitalization grants for other uses authorized under the federal Safe Drinking Water Act (SDWA) and Part 54 of Act 451. A public hearing for the IUP and the Project Priority List (PPL) was held on August 22, 2012.

The DEQ certifies that it is recognized by the EPA as the primary agency for management of the drinking water program. The priority system was developed by the DEQ and will be used each fiscal year to determine which projects will have access to DWRF assistance.

The priority system is designed to provide low-interest financing to those projects that will have the greatest impact in facilitating safe drinking water supplies.

American Recovery and Reinvestment Act

In FY2009, Michigan received additional capitalization of \$67,454,000 through the American Recovery and Reinvestment Act of 2009 (ARRA), the federal stimulus bill. Twenty-eight projects received low-cost financing through ARRA. Fifteen projects have completed construction as of September 14, 2012.

Fiscal Year 2013 Project Funding

Michigan's FY 2012 federal capitalization grant is \$27,263,000. Congress mandated that at least 20 percent of this amount (\$5,452,600) be provided as additional subsidy to borrowers. The DEQ plans to provide the entire amount as principal forgiveness. All DWRF projects funded in FY 2013 must pay their workers the federal Davis Bacon wage rates for their job classification.

II. STRUCTURE OF THE DWRF

In FY 2013, the DEQ will continue with a direct loan structure. In a direct loan structure, federal funds and state match, or fund assets that have 'revolved' back into the fund, are paid directly to municipal borrowers.

For borrowers who are non-municipal entities, limitations on private activity from tax-exempt issues would require the DEQ and the Authority to fund private water suppliers from funds other than tax-exempt revenue bonds. These loans will be made as direct loans with a letter of credit supplied by the private borrower or through a partnership with a private lending institution with the state providing an insurance annuity. There are no private water suppliers on the FY 2013 final PPL.

There is a provision for subordinate investment of funds between the DWRF and the SRF. This concept permits the administrators of the two funds to make temporary investments from one fund or the other in the event that monies are needed to service debt on the state's tax-exempt bond issues, cover deficiencies in a fund's reserve accounts, or satisfy other reserve account requirements. Only those funds periodically released from debt service reserve accounts, supplemental reserve accounts, revenue accounts, or any other account of the fund, wherein released monies may be generated, may be used for the purposes of subordinate investment.

At each point that monies are released, the DEQ and the Authority will undertake a "snapshot" look at both the SRF and the DWRF. For each fund, we will first examine whether we need to service debt or satisfy reserve account requirements within the fund from which the released monies originated. Next, we will examine the other fund for the same conditions. Then, if sufficient monies are available to satisfy requirements for each fund, the released money will pass completely through and become available for future commitments to new projects consistent with its source. This provision will not be exercised in FY 2013.

Set-asides in the DWRF are derived from the capitalization grant awarded to the state by the EPA. Set-asides are designated for specified uses within the DWRF to address areas of concern included in the reauthorization of the SDWA. Legal provisions included in Act 227, permit the Authority and the DEQ to establish accounts and sub-accounts to track

revenues and expenditures for the set-asides. The set-asides for program and other activities will be directly administered by the DWEHS. DWEHS staff will also be responsible for the technical assistance activities, except for those funds made available to subsidize loans to disadvantaged communities. The disadvantaged community loans will be managed by the RLS.

The following is a list of potential set-asides identified in Section 1452 of the federal SDWA. The percentages noted would affect the federal capitalization grant.

DWRF Administration - 4 percent

Technical Assistance - 2 percent

Program Set-asides - 10 percent

- Public Water System Supervision
- Source Water Protection
- Capacity Development
- Operator Certification

Other Activities - 15 percent, not to exceed 10 percent for any one activity

- Loans for Source Water Protection
- Assistance for Capacity Development
- Implement Wellhead Protection

It is imperative to note that the program set-asides also require a one-for-one state match, in addition to the regular 20-percent state match calculated on the entire amount of the federal capitalization grant. Thus, money diverted to these set-asides will demand an additional investment of state or local funds.

III. ADVANTAGES OF THE DWRF

The primary advantage for Michigan water suppliers will be their ability to borrow funds at interest rates below market. The DWRF interest rate is established prior to each new fiscal year. As identified in Part 54 of Act 451, determination of the interest rates is based on loan demand, market conditions, program costs, and future needs.

In setting the interest rates for FY 2013, the DEQ will examine a widely used market index for general obligation municipal bonds to identify current market conditions existing at the time the final IUP is prepared. Then, to establish a rate of interest for municipal borrowers, the DEQ will consider present and future demand for DWRF assistance and the costs to comply with program requirements.

Once the interest rate is determined for municipal borrowers, the resulting interest subsidy to municipalities would be used for private borrowers. If a private borrower chose to obtain a letter of credit and receives a direct DWRF loan from the Authority, the interest rate would be determined by using the U.S. T-bill rate as the base and applying an identical percentage reduction of interest as municipalities receive. For those private borrowers who chose to obtain financing through a financial institution, the interest rate would be the lending institution's rate, reduced by an identical percentage as a municipality would receive.

The interest rate for municipal borrowers in FY 2013 is 2 percent, as established by the DEQ Director. Private borrowers would receive an interest rate subsidy that equates to the same subsidy received by municipal borrowers.

Apart from the low-interest rate, suppliers also benefit from the DWRF in that they can finance all eligible waterworks system costs. The major benefit results from the fact that water supply financing in the past has always been left to the local units of government or private entities. Historically, there has been no significant state financial assistance available to local officials in meeting water supply needs. The DWRF provides an ongoing source of funding to maintain or improve drinking water quality and public health.

IV. GOALS

Michigan's DWRF establishes a funding source designed to protect and preserve public health within the state's boundaries. Michigan's geographical identity as a "Great Lakes" state affords its citizens with an abundant and high quality water resource from which to draw its drinking water. Unlike many states, Michigan water supplies are plentiful and periods of restricted use are few in most communities. The great challenge for water suppliers lies in protecting the high quality of the resource, as well as ensuring that adequate volume and pressure exist to deliver potable water to the customer.

To this end, Michigan's DWRF has the following long-term goals:

Goal: *To provide low-cost financing for waterworks system improvements or upgrades while maintaining the perpetuity of the DWRF.*

The MFA uses a financial advisor to guide decisions on funding levels, interest rates, and other financing terms. Michigan looks to balance the goals of meeting the capitalization grant requirements (i.e., additional subsidies, green projects, Davis Bacon) while maintaining the DWRF in perpetuity.

Goal: *To continue effective partnerships with other federal and state financing sources to promote efficiency in environmental review procedures and coordination of funding.*

Given the limitations on pooled capital, the DEQ continues to work together with various federal and state agencies, such as the U.S. Department of Agriculture - Rural Development, Rural Community Assistance Program and the Michigan Department of Licensing and Regulatory Affairs, so that we may collectively fund qualifying projects and maximize use of our capital pool to achieve stated goals. Such partnerships ultimately benefit everyone. Industry, tourism, and day-to-day quality of life are strengthened when our most valuable natural asset is preserved and made available for use and enjoyment.

Goal: *To maintain statewide compliance with all applicable state and federal drinking water laws, rules, and standards while protecting the public health and environmental quality of our state.*

The DEQ will use DWRF set-aside funding to: maintain source water assessment, wellhead protection, and source water protection programs; assist small, economically disadvantaged communities in meeting drinking water standards; apply a capacity assessment program for all new and existing community and non-transient non-community water supplies; and continue operator certification program requirements to assure proper operation and maintenance of public water systems.

Goal: *To continue use of the DWRF program*

The DEQ will continue to use effective outreach methods such as: direct mail, electronic media, newsletter publication, and informational meetings to publicize and encourage the use.

In order to accomplish the long-term goals, we must also focus on more immediate objectives. Therefore, our short-term goals in FY 2013 are:

Goal: *Secure Michigan's full share of federal funding and to expeditiously obligate these monies, along with the state contribution.*

The DEQ has prepared and identified on the FY 2013 final PPL all projects that are willing and able to progress to loan closing consistent with a project milestone schedule for the construction of eligible facilities. All projects receiving DWRF funds in FY 2013 will issue a Notice to Proceed within 60 days of the loan closing.

Goal: *Ensure that the additional requirements of the 2011 and 2012 capitalization grants are met, including those that are imposed on local borrowers.*

Congress has directed that at least 20 percent of the 2011 capitalization grant be allocated towards Green Project Reserve. The 2012 capitalization grant did not have a Green Project Reserve requirement. The DEQ solicited green infrastructure, water/energy efficient and environmentally innovative projects for the FY 2013 PPL. The DEQ required and approved business cases for projects that are not determined as a categorically Green Project as described in the EPA's FY 2011 DWRF Procedures. Business cases will be posted on the DEQ website once the projects are funded.

Congress mandated that at least 30 percent of the 2011 capitalization grant and at least 20 percent of the 2012 capitalization grant be provided as additional subsidy to borrowers. The DEQ plans to provide the additional subsidy as principal forgiveness. Congress also requires all DWRF projects funded in FY 2013 to pay their workers the federal Davis Bacon wage rates for their job classification.

Goal: *Review and update, as applicable, the Operating Agreement by December 31, 2012.*

The DWRF program has acquired additional requirements since ARRA; however, the Operating Agreement has not been updated to reflect the new requirements. The goal for the completion of the updates is December 31, 2012.

VI. ALLOCATION OF FUNDS

The establishment of a fundable range for any given fiscal year entails a series of steps that culminate in a determination of how much fund resources could support. Using a series of assumptions (DWRF loan rate, return on investment rates, and level of capitalization) the process for FY 2013 is outlined below:

1. The DEQ reviewed the total amount of loans committed through September 30, 2012.

Total loan commitments through 9/30/2012	\$719,055,000
Remaining ARRA amount to be drawn via projects (as of 9/12/2012)	\$352,697

2. The DEQ assumed that the new federal capitalization grant and the appropriated state match would remain constant until 2013 (for planning purposes only). However, it should be noted that the DEQ has **no assurance** of state general fund monies to match federal funds beyond the 2012 capitalization grant. Since the 2008 capitalization grant, no general fund has been provided for match of the grant. State match revenue bonds were used to provide the match needed to capture the capitalization grant. State general fund monies, \$5 million, were appropriated for use in FY 2013. Michigan was appropriated \$27,263,000 in DWRf federal capitalization grant funds for calendar year 2012.

2010 cap. grant for loans (total grant is \$41,226,000)	\$35,302,440
2010 state match	\$ 8,245,200
2011 cap. grant for loans (total grant is \$28,152,000)	\$23,062,880
2011 state match	\$5,630,400
2012 cap. grant for loans (total grant is \$27,263,000)	\$22,252,220
2012 state match	\$5,452,600

3. After subtracting the amount needed to service existing loans, with continuation of a direct loan structure, fund resources could support 40 million in new binding loan commitments in FY 2013. The fundable range will include the highlighted projects noted on the PPL. A direct loan structure will result in higher lending capacities in out years and maximize the fund's ability to compensate for the loss of state match funds that have resulted from general fund budget cuts in recent years.

The provision of additional subsidy is a requirement of the 2011 and 2012 capitalization grants. The additional subsidy will be in the form of principal forgiveness and will not exceed \$11,185,346 in FY 2013. (The amount available for principal forgiveness includes approximately, \$5.7 million of the 2011 capitalization grant, and \$5 million of the 2012 capitalization grant that may not be allocated in FY 2012.) When principal forgiveness is provided from available loan proceeds to projects, it greatly reduces the amount of the assets returning to the DWRf as loan repayments, which could be used to make future loans.

Principal forgiveness will be made available for green projects expected to close on a loan in FY 2013. Principal forgiveness will be provided at 100 percent of the green project/component amount (up to a \$6-million limit per project). The DEQ reserves the option to limit projects to the PPL binding commitment amount.

Each state may transfer 33 percent of available funds between the SRF and the DWRf programs. This may occur starting one year after a state receives its first capitalization grant for project funds. At this time, Michigan does not propose to transfer funds between the SRF and DWRf programs.

VII. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS - SET-ASIDES

The DEQ has established the set-asides based on what it needs to effectively administer the program(s) and what it can utilize within the fiscal year. The split of monies is structured to meet not only expected needs (e.g., 4 percent for administration), but also to target programs that can help suppliers prepare themselves to qualify for DWRf loans (e.g., technical assistance funds used to defray planning costs).

Administration

Up to 4 percent of the federal capitalization grant can be used to administer the fund. Michigan intends to utilize the full 4 percent, which is \$1,090,520. Any funds not utilized in FY 2013 will be retained on account for administration costs in future years.

Technical Assistance

The Technical Assistance Program for FY 2013 will use 2 percent of the federal grant award or approximately \$545,260 of the expected FY 2012 federal grant. Approximately \$875,000 (using the FY 2012 and remaining funds from prior grants) will be used to support 7 full time employees (FTEs) from the total balance in this set-aside in FY 2013. One-half (0.5) of an FTE will conduct the Abandoned Well Management Program; 0.5 of an FTE will administer the Wellogic data system; 0.5 of an FTE will perform technical assistance outreach on the Well Construction Program; 0.75 of an FTE will provide direct assistance to non-community water supplies (NCWS) that rely on treatment to be in compliance; 2.0 FTEs will provide technical assistance to operators of NCWS to improve compliance rates; and 1.5 FTEs will work on the transition from the NCWS database currently in use, WaterTrack to SDWIS, a project expected to take several years to complete. The remaining 1.25 FTEs will work on activities related to the Small Systems Initiative, in conjunction with the EPA.

Abandoned Well Management (AWM) – The DEQ will continue to use funds from this set-aside to administer and conduct a statewide, comprehensive AWM Program. There are three components to the AWM Program: training of well drilling contractors and local health department (LHD) staff, development of public education materials, and enforcement of abandoned well plugging regulations. Training and consultant services are provided to 44 LHDs who implement the AWM Program in the field. In addition, the DEQ provides direct enforcement assistance and provides public education materials to community public water suppliers for distribution.

Wellogic Data System – The DEQ will utilize funds from this set-aside to administer the Wellogic online water well data system. Activities performed by staff include development of new applications, maintenance of existing data system structures, and training of system users. The Wellogic system captures water well construction and geological data at the time of new water well construction and when abandoned wells are being plugged. Wellogic provides for better oversight of public water supplies and water well drillers. Without Wellogic, the DEQ would not have been able to develop the Michigan Groundwater Management (MGMT) model that is used to delineate wellhead protection areas. Wellogic is also an important component of the model used to determine the effects of proposed groundwater water withdrawals under the Great Lakes St. Lawrence Seaway Water Resources Compact.

Well Construction Technical Assistance and Outreach – In FY 2013, the DEQ will continue to provide training, assistance, and outreach on proper water well construction techniques, per Michigan's Well Construction Code. Activities will focus on training water well drillers, LHD personnel, and DEQ staff on the importance of constructing water wells that meet code requirements and the risk that a poorly constructed well has to contaminate groundwater or threaten public

health. Field demonstrations of well drilling techniques, done in conjunction with experienced, reputable water well drillers will be done. Finally, the DEQ anticipates that in FY 2013, work will begin to revise the Well Construction Code. The 0.5 FTE funded by this set-aside will serve a key role by educating stakeholders on the public health benefits of sound water well construction principles, in support of the revision efforts.

Small Systems Treatment – The DEQ will utilize funds from this set-aside for engineering plan review, permitting, and consultation associated with the operation of treatment systems at non-transient non-community public water systems. This FTE will also provide direct assistance to small public water systems that employ treatment to comply with drinking water standards, especially those standards promulgated in the last few years.

Non-community Systems Compliance Assistance – The DEQ will utilize funds from this set-aside to provide technical assistance to both the operators of non-community water supply systems and to Michigan's LHD staff that are contracted by the DEQ to implement the non-community compliance oversight program in Michigan. Approximately 1.0 FTE of effort will be expended exploring ways to increase capacity development work at small public water systems; at both small, privately owned community water supplies and at non-community water supplies. Efforts will be coordinated with Michigan's LHDs and also with RMD's Revolving Loan Section staff that have been performing asset management evaluations at community water systems for several years now. From these initial efforts, the DEQ hopes to develop a less complex tool for small systems to use to improve their capacity development efforts.

Non-community Water Supply (NCWS) Programming Updates – Approximately \$12,000 from this set-aside will be used to develop and host a 2-day training for LHD staff contracted to complete NCWS program services required under the SDWA. Topics discussed will include refreshers on the requirements of the Groundwater Rule and the Lead and Copper Rule. In addition, aspects of the Revised Total Coliform Rule, which is slated to become final within the next year, will be discussed. Some of the presentations at this training will be done by EPA Region 5 Water Division staff.

Non-community Water Supply (NCWS) Database Transition Work – During FY 2013, the DEQ will continue to prepare for a transition from WaterTrack, the system currently used to hold all non-community water supply compliance data, to SDWIS/Next Gen. DEQ will utilize 1.5 FTEs funded by this set-aside to work on the activities related to this transition. In addition, in FY 2013, the DEQ may need to utilize funds in this set-aside for work needed to initiate the move from WaterTrack to SDWIS. The amount that might be needed in FY 2013 is unknown at this time, but the total cost of any preparatory work would not exceed \$100,000 without a modification to the Technical Assistance Set Aside Workplan with EPA.

Small Systems Initiative Work – The Small Systems Initiative is a special project being done in conjunction with EPA Region 5 staff and focuses on improving and maintaining compliance with the SDWA at NCWS schools and daycares. Aspects of this work will include developing an inventory of the certified operators at the schools and daycares within the Initiative's target areas; developing and delivering training specifically created for the operators; drafting and publishing educational materials and newsletters for the managers and operators of the schools and daycares; and coordinating Initiative work with the LHDs involved in the effort.

Small and Disadvantaged Community Planning Assistance – The DEQ will use available funds from this set-aside to pay for project planning costs for disadvantaged communities with less than 10,000 people who apply for DWRF assistance. Available funds will be used to provide direct financial planning assistance to certain small community water systems wishing to make improvements.

Program Set-Asides - \$ 2,450,000

The DEQ intends to continue four programs in FY 2013 using program set-asides. The additional required matching funds will be provided through the Public Water System Supervision Program from the state general fund and restricted fund (fee) revenue, plus the perpetual match from the FY 1993 Public Water System Supervision matching money. The following is a breakdown of the \$2,450,000 projected amount:

Capacity Development – State staff, augmented by contracts for services with LHDs, are being used to implement the program based upon EPA guidance and DEQ policies for new systems. The 1998 amendments to the Michigan Safe Drinking Water Act, 1976 PA 399, as amended (Act 399), provided authorization to conduct the program. The amendments allow the DEQ to apply capacity assessment criteria to new community and non-transient non-community public water supplies, to DWRF applicants, and existing systems selected under a state strategy. The DEQ developed guidance for these efforts using stakeholders for public participation. Capacity development activities are inherent in the job functions of staff implementing the Public Water System Supervision Program, and we will continue to support these activities in FY 2013 to the extent necessary to meet current workload and maintain current level of effort.

To conduct financial capacity assessments of new community systems, DEQ staff review financial information submitted by proposed systems. Approval must be granted before these systems commence operation. The LHDs also conduct capacity assessments of new, non-transient non-community systems and are reimbursed for this activity. In recent years, the amount expended on conducting capacity-related assessments for new systems has decreased from previous years due to the downturn in the economy. This is expected to continue in FY 2013 unless the state's economy improves.

The DEQ will also continue to provide education and outreach efforts in FY 2013 by cosponsoring a newsletter delivered four times a year to all community public water systems. The newsletter promotes better operation and maintenance practices and provides regulatory guidance.

The DEQ proposes to utilize \$450,000 (all federal funds) for the above activities.

Source Water Protection – The total projected amount for this activity is \$750,000 (all federal funds). The DEQ proposes to utilize 5.5 FTEs funded through this set-aside that would be split between several activities: the Surface-Source Water Protection Program, the Well Construction Regulation Program, and the On-Site Wastewater Program.

Source Water Protection - Surface Water Intake Program

The DEQ will utilize 0.25 FTE funded through this set-aside to implement the Surface Water Intake Protection Program. There are 70 communities in Michigan that use surface water as their drinking water source. The funding allows the DEQ to facilitate implementation of surface water-related source water protection activities in these communities.

Well Construction Regulation Program

The DEQ will utilize 0.5 FTE funded through this set-aside to conduct the Well Construction Regulation Program. This program serves to protect public and private drinking water source aquifers by proactively administering proper well construction practices. This program provides the first line of defense for Michigan's groundwater source drinking water supplies by preventing contaminant entry into well intakes and protecting aquifers through field implementation of protective well drilling and decommissioning practices. The program provides training, enforcement assistance, and field consultation services to 44 LHDs, as well as training and field consultation to well installation and plugging contractors.

On-Site Wastewater Program

The DEQ will fund 4.75 FTEs from this set-aside to conduct the On-Site Wastewater Program. This program serves to protect public health and the groundwaters of the state used for drinking water by assuring proper treatment of effluent from individual residential and collective residential wastewater treatment and disposal systems where the wastewater effluent is discharged to the ground and ultimately making its way to the groundwaters of the state. The DEQ provides assistance in administration of this program to staff at 44 LHDs under contract to assure that on-site systems are designed and operated so that effluent wastes will receive the maximum natural attenuation of microbial agents, nutrients, and other contaminants before the effluent enters the groundwater. In addition to this core activity, the DEQ would also continue to provide the following oversight activities:

- Accreditation of LHD on-site wastewater programs conducted on a 3-year cycle to assure compliance with DEQ minimum program requirements.
- Administration of current DEQ statewide program that regulates on-site systems with flows less than 10,000 gallons conducted by authorized LHDs.
- Administration of the current statewide review and approval process for subdivisions and condominiums that rely on individual on-site wastewater systems.
- Training of and consultation with LHD staff.

Operator Certification – The Operator Training and Certification Unit (OTCU) continues to administer the program through expansion and improvement to the existing Waterworks Operator Certification Program. The EPA approved the Operator Certification Program in July 2001 and has annually certified continued compliance with the requirements of the Federal Operator Certification Guidelines. Based upon the activities required for continued program approval, the DEQ has estimated the costs to expand/revise and continue the program. Operator training is also included with this program.

The DEQ intends to fund 5 FTEs from this set-aside to implement all aspects of the drinking water operator training and certification programs at an estimated total cost of \$625,000. An additional amount of \$25,000 will be used for waterworks operator training and certification materials, public participation, and exam validation. Much of this work entails upgrading and expanding data systems to improve certification and training record management. The DEQ also intends to expand the continuing education program for certified operators of non-transient non-community water supplies. Courses will be developed that are geared toward operators serving a population of 3,300 or fewer.

Public Water System Supervision – The DEQ proposes to use \$600,000 (all federal funds) in FY 2013 to support existing staff and the existing scope of the Public Water System Supervision Program. No additional staff are proposed; however, this funding will allow for additional management flexibility to address priority work efforts, including the highest priority activities associated with new drinking water regulations.

Wellhead Protection (Section 1452(k)) - \$925,000

In FY 2013, the DEQ will use \$925,000 from the Wellhead Protection set-aside. Approximately \$375,000 of this amount will support wellhead protection program work done by 3 FTEs. The program emphasis is on the delineation of wellhead protection areas, the approval of local wellhead protection programs and local program implementation. The DEQ has authorization under Act 399 to implement a wellhead protection matching grant program to enhance the existing voluntary state program. A stakeholder process was used to develop and promulgate administrative rules for the grant program. The DEQ is proposing to utilize approximately \$325,000 in FY 2013 for the grant program. The grant program requires a 50/50 match of state and local funds and provides incentives to local governments to increase source water protection efforts and initiatives.

The following table depicts the history of wellhead protection grants in Michigan:

Fiscal Year	Number of Communities	Grant Dollars Awarded
1999	54	\$1,014,044
2000	62	\$1,080,390
2001	66	\$1,044,266
2002	85	\$1,286,589
2003	84	\$1,260,180
2004	67	\$ 857,772
2005	57	\$ 848,143
2006	50	\$ 682,029
2007	43	\$ 677,629
2008	43	\$ 699,247
2010	43	\$ 642,967
2011	27	\$ 298,600
2012	37	\$ 311,804

Note: No grants were awarded in 2009 because of spending restrictions ordered by Michigan's Governor.

Several years ago, DEQ staff began working with Michigan State University's (MSU) Laboratory of Excellence for Real-Time Computing and Multi-Scale Modeling. The goal of this effort was to develop a software package capable of delineating wellhead protection areas using existing data compiled by the DEQ. In the spring of 2011, the software became a reality with the development of the Michigan Groundwater Management Tool (MGMT). MGMT uses existing data sources, such as the Wellogic and Groundwater Inventory and Map databases, to provide "automated" wellhead protection area delineations. With its development, DEQ staff intends to provide wellhead protection area delineations for all community and non-transient non-community public water supplies throughout Michigan. Because this is being done using the MGMT software, the cost will be minimal.

In the fall of 2011, DEQ staff and the MSU Remote Sensing and Geographic Information Systems group partnered to host two outreach meetings on the MGMT software in the Kalamazoo and Grand Rapids districts. Attendees of the meeting were given a copy of the source water assessment and wellhead protection area delineation for their public water supply system. Attendees were then provided training on the meaning of the source water assessment and how the wellhead protection area delineation could be used to improve upon the source water assessment. Instruction was also provided on the steps that might be taken to better protect the source water for their public water supply system. Evaluations of the meetings by participants were overwhelmingly positive.

Although the MGMT software package is nearly complete, some additional database modifications and software enhancements are needed to accommodate the delineation of wellhead protection areas throughout the remainder of the state. There are also plans for another four to six outreach meetings where wellhead protection training will be provided to the owners and operators of community and non-transient non-community public water supplies throughout the remaining areas of Michigan. For these items, the DEQ expects to spend approximately \$250,000 from the set-aside in FY 2013.

VIII. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS - PROJECT LOANS

Michigan's DWRF will commit loans for qualified projects based on project plans that were submitted to the RLS by May 1, 2012. Plans were reviewed by staff of the DEQ to ensure compliance with Section 5405 of Act 451, before being placed on the final PPL for FY 2013. The DWRF, to the maximum extent practicable, must give priority to projects that:

- address the most serious risks to human health,
- are necessary to ensure compliance with the requirements of the federal SDWA,
- in addition, assist systems most in need according to the state's affordability requirements.

Michigan's priority system takes these factors into account in the assignment of priority points. Acute violations receive a larger number of points than any other category. In fact, standard compliance offers over 41 percent of a project's total possible points. All factors point to the need for the project to comply with federal drinking water requirements; affordability is addressed by the award of additional points for disadvantaged community status, and is the ultimate tiebreaker. Michigan's priority point system is detailed in Section 5406 of Act 451.

The FY 2013 DWRF final PPL is included as part of the IUP and was presented as part of the public hearing. The DWRF final PPL has 48 projects totaling \$247 million. This includes 27 projects and/or segments equaling \$169 million for funding in the future.

Section 1452(a)(2) of the federal SDWA requires the state to first make available 15 percent of all funds annually credited to the DWRF for financial assistance to water suppliers serving fewer than 10,000 persons. For the 2012 capitalization grant, Michigan must reach or exceed \$4,089,450 to satisfy this requirement.

All projects are reviewed and scored based upon the priority point system outlined in Part 54 of Act 451. Funds are made available for commitment based on the priority ranking and projects will only be funded out of order to satisfy requirements for small community assistance. Thus, only projects on the PPL are funded in priority order.

Employing the criteria found in Section 5415 of Act 451, the Director of the DEQ set the interest rate for FY 2013 at 2 percent. The term of the loan will run up to 20 years for most projects. Those suppliers meeting disadvantaged community criteria will, however, be able to extend their terms for up to 30 years, if desired.

Part 54 of Act 451 also permits suppliers serving less than 10,000 persons to receive reimbursement of project planning costs upon delivery of an approvable project plan to the DEQ. Legislation has been passed to provide a funding mechanism for this reimbursement. Interim planning loans first became an option for DWRF applicants in FY 2001.

IX. DISADVANTAGED BUSINESS ENTERPRISE

Beginning October 1, 2009, the DEQ implemented the EPA's new Disadvantaged Business Enterprise (DBE) Rule (40 CFR Part 33). The DBE rule applies specifically to ANY procurement made utilizing EPA financial assistance. EPA financial assistance includes DWRf funding. The new DBE rule changed substantially from the prior Minority Business Enterprise (MBE) and Women's Business Enterprises (WBE) rule. The DBE rule requires that MBE and WBE firms be certified. Certification applies to enterprises that are at least 51-percent owned and/or controlled by socially and economically disadvantaged individuals who are of good character, are citizens of the United States, and have an initial and continued personal net worth of less than \$750,000.

DBE requirements apply to the DEQ, DWRf loan recipients, and the loan recipient's prime contractors. Additional information regarding the DBE requirements is available on the DEQ, DWRf website (www.michigan.gov/drinkingwaterrevolvingfund).

X. DISADVANTAGED COMMUNITY STATUS

Disadvantaged community status is determined by the DEQ based on information submitted with a supplier's project plan. To qualify, an applicant must first meet the definition of "municipality" found in Part 54 of Act 451. Next, the updated median annual household income (MAHI) of the area to be served must be less than 120 percent of the state's updated MAHI. Finally, the costs of the project must be borne by the customers in the service area. If costs are spread over a larger area, then that area must demonstrate that it meets the poverty or affordability criteria.

Once these conditions are met, a community will be awarded the disadvantaged community status if one of the following is true:

- More than 50 percent of the area to be served by the proposed project is identified as a poverty area by the U.S. Census Bureau.
- The updated MAHI of the area to be served is less than the most recently published federal poverty guidelines for a family of four in the contiguous United States.
- The updated MAHI is less than the updated statewide MAHI and the annual user costs for water supply exceed 1.5 percent of the service area's MAHI.
- The updated MAHI is more than the updated statewide MAHI and the annual user costs for water supply exceed 3 percent of the service area's MAHI.

The major benefits for qualified communities include 50 additional priority points, extension of loan terms to 30 years, and assistance to help defray the costs of preparing project plans. There are no projects on the FY 2013 final PPL that qualify for disadvantaged community status.

A complete discussion of the disadvantaged community status may be found in a guidance document prepared by the DEQ to more fully explain how a supplier can achieve the status and benefit from it. RLS staff encourages all applicants to supply the pertinent data to allow the DEQ to perform a disadvantaged community status analysis.

XI. EPA AUTOMATED CLEARINGHOUSE ACTIVITIES

The EPA employs an Automated Standard Application for Payments (ASAP) system to make disbursements of federal funds. Michigan will comply with this system's requirements and deposit funds drawn from it into appropriate accounts set up for the DWRP.

Beginning in the 1st Quarter of FY 2013, Michigan anticipates drawing capitalization grant funds from the ASAP system.

One request for disbursement may be submitted by the local project's authorized representative (or state agencies) each month. As project costs (or program administrative/set-aside costs) are incurred, the request for disbursement of funds will be sent directly to the DEQ, who will then process the request as part of a weekly draw request. Upon delivery to its office, the Authority will execute the fund drawdown electronically by transferring money from the federal ASAP and state accounts.

Monies will be automatically deposited into the debt service reserve account of the DWRP, while funds are electronically wired to a municipal water supplier's bank from a DWRP account. For non-municipal water suppliers, the funds will be transferred from direct federal and state capitalization amounts established specifically for the purpose of reimbursing their eligible project costs.

XII. ASSURANCES

The final guidelines from the EPA set forth provisions that the state must provide certain assurances in order to qualify for capitalization grant funding. Such assurances are incorporated into the Operating Agreement and are included here by reference.

XIII. OUTPUT/OUTCOME MEASURES

To comply with the EPA requirements on Environmental Benefits of the DWRP, Michigan estimates that the following outputs could result from project loans in FY 2013 (excluding any projects noted as future on the PPL):

- A. Output: Michigan could fund approximately 14 drinking water transmission/distribution loans to construct/rehabilitate/upgrade drinking water transmission and distribution systems across the state. The dollar amounts of these applications total approximately \$65,149,772.

Outcome: The funding of these projects could result in more people receiving improved drinking water from existing treatment systems in Michigan.

- B. Output: Michigan could fund approximately three drinking water treatment projects to construct and/or rehabilitate drinking water treatment facilities across the state. The dollar amounts of these applications total approximately \$41,187,500.

Outcome: The funding of these projects could result in improved drinking water for thousands of people in Michigan and, upon completion of the projects, facilities that meet all applicable permits and SDWA requirements.

C. Output: Michigan could fund approximately three drinking water storage projects to construct and/or rehabilitate drinking water storage facilities across the state. The dollar amounts of these applications total approximately \$9,117,500.

Outcome: The funding of these projects could result in improved drinking water and storage facilities that meet all applicable permits and SDWA requirements.

D. Output: Michigan could fund approximately three drinking water source projects to construct and/or rehabilitate drinking water source facilities across the state. The dollar amounts of these applications total approximately \$3,133,929.

Outcome: The funding of these projects could result in improved drinking water for thousands of people across Michigan.

Please note that the number of applications will not agree with the number of loans on the PPL, as many of the project loans include work in more than one category (i.e., transmission/distribution, treatment, storage, and source).

XIV. PUBLIC REVIEW AND COMMENT

In order to satisfy public participation requirements, the DEQ held a public hearing to discuss the DWRF draft IUP on August 22, 2012. This hearing was publicly noticed in the *Detroit Legal News*, *the Lansing State Journal*, and *the Marquette Mining Journal*; posted on the DEQ calendar of events; mailed to all persons and engineering firms on our newsletter mailing list; and individually noticed to each water supplier on the FY 2013 draft PPL. These sources promote the hearing to ensure maximum public input from those interested in the DWRF. The hearing affords stakeholders and other interested parties an opportunity to hear and comment on how the DEQ plans to disburse the DWRF loan funds. All comments will be responded to upon the close of the hearing record.

Questions about the DWRF final IUP may be directed to:

**Ms. Sonya T. Butler, Chief
Revolving Loan Section
Resource Management Division
Department of Environmental Quality
P.O. Box 30241
Lansing, MI 48909-7741
Voice: 517-373-4737
E-mail: Butlers2@michigan.gov**

Other contacts for the DWRF are:

Ms. Carrie Monosmith, Chief
Drinking Water and Environmental Health Section
Resource Management Division
Department of Environmental Quality
P.O. Box 30273
Lansing, MI 48909-7773
Voice: 517-241-2853
E-mail: monosmithc@michigan.gov

Mr. Joe Fielek, Executive Director
Michigan Finance Authority
Michigan Department of Treasury
Richard H. Austin Building
P.O. Box 15128
Lansing, MI 48922
Voice: 517-241-9504
E-mail: treasmmba@michigan.gov

XV. ORIGINATION OF DOCUMENTS

The RMD is responsible for issuing the DWRF final IUP and its accompanying information.

**Drinking Water Revolving Fund Current PPL
Fiscal Year 2013 Project Priority List - By Rank**

DWRF

DWRF

Project No.	Loanee	Location	Description	Population	Total Points	Binding Commitment Date	Binding Commitment Amount
7375-01	Ann Arbor	Washtenaw Co	Barton Dam PS Electrical Upgrd	120,000	800	8/26/2013	2,500,000
7380-01	Bay Co- County Road	Bay City	Installation of membrane wfp; trans wm; storage tank, &	82,932	625	8/26/2013	12,000,000
7381-01	Grand Rapids	Kent Co	Concrete restoration-floc/sed basin 2, 3 & 4 & NSSWC	296,973	615	11/21/2012	1,160,000
7376-01	Beecher Metropolitan	Genesee Co	WM Repl. Strg	12,793	540	8/26/2013	2,250,000
7335-01	Pontiac	Oakland Co	Trans main looping; tank scada; WM repl	67,133	475	8/26/2013	5,455,000
7383-01	YCUA	Washtenaw Co	Smokier Textile Subdivision-WM repl	72,797	450	3/11/2013	2,695,000
7377-01	Waterford Twp	Oakland Co	WM Repl/Rehab and Meters	71,707	425	6/3/2013	9,400,000
7303-01	Warren	Macomb Co	WM Repl	134,457	350	6/3/2013	5,540,000
7281-01	Kentwood	Kent Co	New trans; repl mains; looping	33,900	340	6/3/2013	6,055,000
7344-01	Marysville	St. Clair Co	Intake rehab; WTP sedimentation basins	9,964	330	6/3/2013	3,000,000
7371-01	Port Huron	St. Clair Co	Repl mains (Riverside Dr. Ph. 3)	53,072	325	3/11/2013	150,000
7326-01	Dearborn	Wayne Co	Repl mains (Phase 3)	90,107	325	8/26/2013	3,440,000
7175-01	YCUA	Washtenaw Co	Repl mains; looping (Bradley/Snow/I-94)	72,797	325	3/11/2013	4,360,000
7355-01	Livonia	Wayne Co	Phase 1 WM repl; PRV	95,269	325	8/26/2013	7,960,000
7379-01	Marquette	Marquette Co	Storage tank impr	20,457	315	8/26/2013	430,000
7256-01	Redford Twp	Wayne Co	Repl mains/ looping	48,285	315	8/26/2013	4,320,000
7386-01	Menominee	Menominee Co	M-35 WM repl	9,300	305	11/21/2012	1,260,000
7320-01	YCUA	Washtenaw Co	Repl mains (E. Michigan Ave)	72,797	300	3/11/2013	390,000
7382-01	YCUA	Washtenaw Co	Northeast Area Phase 5-WM repl	72,797	300	3/11/2013	615,000
7295-01	Mt Clemens	Macomb Co	New WM	19,605	290	6/3/2013	880,000
7290-01	Wayne	Wayne Co	Upgrd meters w/ cent read sys; repl mains	18,200	215	6/3/2013	4,465,000
21	Total Number of Projects						78,325,000

DWRF Drinking Water Revolving Fund Green Projects DWRF
 Fiscal Year 2013 in Project Priority List Order

Project No.	Loanee	Location	Project Description	GPR Amount	Binding Commitment Amount	Type of GPR
						Categorical Business Case
7330-01	Bay Co	Bay City	Installation of membrane wtp.	\$ 6,000,000	\$ 12,000,000	X
7375-01	Beecher Metropolitan	Genesee Co	WM Repl. Strg	\$ 1,530,000	\$ 2,250,000	X
7377-01	Waterford Twp	Oakland Co	WM Repl/Rehab and Meters	\$ 9,400,000	\$ 9,400,000	X
7281-01	Kentwood	Kent Co	New trans; repl mains; looping	\$ 2,830,000	\$ 5,405,000	X
7344-01	Marysville	Marysville	Intake Rehab; WTP Sediment	\$ 1,055,000	\$ 3,000,000	X
7355-01	Livonia	Wayne Co	Phase 1 WM Repl; PRV	\$ 5,930,000	\$ 7,960,000	X
7300-01	Melvindale	Wayne Co	Repl mains/services; looping	\$ 3,600,000	\$ 3,600,000	X
7320-01	YCUA	Washtenaw Co	Repl mains (E. Michigan Ave)	\$ 390,000	\$ 390,000	X
7322-01	YCUA	Washtenaw Co	Repl mains (E. Clark Rd)	\$ 2,330,000	\$ 2,330,000	X
7290-01	Wayne	Wayne Co	Upgrd meters w/ cent read sy	\$ 2,315,000	\$ 4,465,000	X

10 Projects w/ GPR \$ 35,380,000 \$ 50,800,000

DWRF **Drinking Water Revolving Fund Future Projects** **DWRF**
Fiscal Year 2013 in Project Priority List Order

Project No.	Loanee	Location	Project Description	Total Points	Binding Commitment Date	Binding Commitment Amount
7380-02	Bay Co - County	Bay City	Membrane w/p; trans wm; storage tank--Segment 2	625	Future	45,000,000
7341-01	Genesee Co	Genesee Co	WM Repl	725	Future	1,060,000
7328-01	Allegan	Allegan Co	New stg; main repl/looping (future phases)	630	Future	4,200,000
7347-01	Grand Rapids	Kent Co	Water sys impr (future phases)	615	Future	23,625,000
7368-01	Leslie	Ingham Co	Water sys impr (Phase 2)	545	Future	1,510,000
7309-01	Pittsfield Twp	Washtenaw Co	Trans WM	540	Future	3,250,000
7238-01	St Joseph	Berrien Co	WTP upgrade	540	Future	9,970,000
7331-01	Manistee	Manistee Co	Repl/loop mains; well impr; meters (Future phases)	530	Future	1,585,000
7310-01	Flint	Genesee Co	PS upgrd; trans main repl	500	Future	13,870,000
7311-01	Flint	Genesee Co	Trans main repl	500	Future	11,695,000
7385-01	YCUA	Washtenaw Co	Pines Subdivision--WM repl	450	Future	1,470,000
7385-99	YCUA	Washtenaw Co	Future phases (2014-2015)	450	Future	890,000
7271-01	St Joseph	Berrien Co	Repl/loop mains (Upton/Ridgeway); River crossing	440	Future	540,000
7272-01	St Joseph	Berrien Co	Repl/loop mains (Morton/Wolcott/Orchard)	440	Future	3,340,000
7329-01	Grand Blanc Twp	Genesee Co	Trans WM; Ground Strg Tank	390	Future	5,605,000
7303-02	Warren	Macomb Co	WM Repl	350	Future	6,005,000
7327-01	Dearborn	Wayne Co	Repl mains (Phase 4)	325	Future	3,235,000
7173-01	YCUA	Washtenaw Co	Future Phases	325	Future	2,690,000
7316-01	Macomb Twp	Macomb Co	WM repl	325	Future	3,965,000
7339-01	Wayne Co	Sumpter Twp	WM repl	315	Future	105,000
7330-01	Macomb Twp	Macomb Co	Trans main; looping	315	Future	3,380,000
7378-01	Port Huron	St Clair Co	Repl mains (Nern St Area)	315	Future	4,400,000
7300-01	Melvindale	Wayne Co	Repl mains/services; looping	315	Future	3,600,000
7322-01	YCUA	Washtenaw Co	Repl mains (E. Clark Rd)	300	Future	2,470,000
7291-01	Royal Oak Twp	Oakland Co	Repl mains	295	Future	805,000
7369-01	Huron Charter Twp	Wayne Co	WM Rpl	290	Future	2,665,000
7296-01	Clinton Twp	Macomb Co	Repl mains	225	Future	8,005,000
27	Total Number of Projects					\$ 168,935,000

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

Drinking Water Revolving Loan Fund Final PPL Scoring for FY2013

Category Description	Points	7173-01	7176-01	7238-01	7266-01	7271-01	7272-01	7281-01	7290-01	7291-01	7295-01	7296-01	7300-01	7303-01	7303-02	7309-01	7310-01	7311-01
DRINKING WATER SYSTEM COMPLIANCE - TOTAL	450 (max)	150	150	375	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Acute Viol. of DW Standards, Health Advisory Levels, SWTT, Disease	250																	
Non-Acute Viol. of DW Standards, Health Advisory Levels, SWTT, Disease	200																	
Facility Upgrade to Maintain Compliance	150																	
Aesthetic Upgrades to Maintain Compliance	25																	
INFRASTRUCTURE IMPROVEMENTS/UPGRADES - TOTAL	350 (max)	125	125	125	125	250	250	150	25	125	100	25	125	150	150	350	250	250
Source/Treatment w/ Connecting Mains	125 (max)	0	0	125	0	0	0	0	0	0	0	0	0	25	25	125	0	0
Meet Minimum Capacity	100																	
Reliability	75																	
Other Upgrades	25																	
Enforcement Action	25																	
Source Water Protection	50																	
Transmission/Distribution Mains	125 (max)	125	125	0	125	125	125	125	25	125	100	25	125	125	125	125	125	125
Meet Minimum Capacity	100																	
Reliability	75																	
Other Upgrades	25																	
Enforcement Action	25																	
Storage Facilities/Pumping Stations	125 (max)	0	0	0	0	125	125	25	0	0	0	0	0	0	0	125	125	125
Meet Minimum Capacity	100																	
Reliability	75																	
Other Upgrades	25																	
Enforcement Action	25																	
POPULATION - TOTAL	50 (max)	50	50	40	40	40	40	40	40	20	40	50	40	50	50	40	50	50
0-500	10																	
501-3,300	20																	
3,301-10,000	30																	
10,001-50,000	40																	
>50,000	50																	
DISADVANTAGED COMMUNITY - TOTAL	50 (max)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Granted	50																	
CONSOLIDATION - TOTAL	100 (max)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Achieve Compliance	100																	
Correct Deficiencies	60																	
Other	40																	
COMP. WELL-HEAD/SOURCE WATER PROTECT PLANS - TOTAL	100 (max)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Granted	100																	
TOTAL PRIORITY POINTS ASSIGNED	1000 (max)	325	325	540	315	440	440	340	215	295	290	225	315	350	350	540	500	500

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

Drinking Water Revolving Loan Fund Final PPL Scoring for FY2013

Category Description	Points	7316-01	7320-01	7322-01	7326-01	7327-01	7328-01	7329-01	7330-01	7331-01	7338-01	7339-01	7341-01	7344-01	7347-01	7356-01	7368-01	7369-01
DRINKING WATER SYSTEM COMPLIANCE - TOTAL	450 (max)	150	150	150	150	150	150	150	150	150	150	150	150	150	175	150	150	150
Acute Viol. of DW Standards, Health Advisory Levels, SWTT, Disease	250																	
Non-Acute Viol. of DW Standards, Health Advisory Levels, SWTT, Disease	200																	
Facility Upgrade to Maintain Compliance	150	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Aesthetic Upgrades to Maintain Compliance	25																	
INFRASTRUCTURE IMPROVEMENTS/UPGRADES - TOTAL	350 (max)	125	100	100	125	125	350	200	125	225	275	125	125	150	350	125	275	100
Source/Treatment w/ Connecting Mains	125 (max)	0	0	0	0	0	125	0	0	100	125	0	0	125	125	0	125	0
Meet Minimum Capacity	100						■				■			■	■		■	
Reliability	75						■			■	■		■	■				
Other Upgrades	25						■			■							■	
Enforcement Action	25						■			■								
Source Water Protection	50						■								■			
Transmission/Distribution Mains	125 (max)	125	100	100	125	125	125	100	125	125	125	125	125	25	125	125	125	100
Meet Minimum Capacity	100	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Reliability	75	■			■	■	■		■	■	■		■	■	■	■	■	■
Other Upgrades	25	■			■	■	■		■	■	■		■	■	■	■	■	■
Enforcement Action	25				■	■				■			■	■				
Storage Facilities/Pumping Stations	125 (max)	0	0	0	0	0	100	100	0	0	25	0	0	0	125	0	25	0
Meet Minimum Capacity	100						■	■							■			
Reliability	75														■			
Other Upgrades	25										■							
Enforcement Action	25																	
POPULATION - TOTAL	50 (max)	50	50	50	50	50	30	40	40	30	50	40	50	30	50	50	20	40
0-500	10																	
501-3,300	20																	
3,301-10,000	30						■			■			■				■	
10,001-50,000	40							■	■			■						■
>50,000	50	■	■	■	■	■					■		■	■	■	■	■	■
DISADVANTAGED COMMUNITY - TOTAL	50 (max)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Granted	50																	
CONSOLIDATION - TOTAL	100 (max)	0	0	0	0	0	0	0	0	0	0	0	100	0	40	0	0	0
Achieve Compliance	100												■					
Correct Deficiencies	60																	
Other	40																	
COMP. WELLHEAD/SOURCE WATER PROTECT PLANS - TOTAL	100 (max)	0	0	0	0	0	100	0	0	100	0	0	0	0	0	0	100	0
Granted	100						■			■							■	
TOTAL PRIORITY POINTS ASSIGNED	1000 (max)	325	300	300	325	325	630	390	315	530	475	315	725	330	615	325	545	290

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

Drinking Water Revolving Loan Fund Final PPL Scoring for FY2013

Category Description	Points	7371-01	7376-01	7376-01	7377-01	7378-01	7379-01	7380-01	7380-02	7381-01	7382-01	7383-01	7385-01	7385-99	7386-01
DRINKING WATER SYSTEM COMPLIANCE - TOTAL	450 (max)	150	400	150	150	150	150	450	450	175	150	150	150	150	150
Acute Viol. of DW Standards, Health Advisory Levels, SWTT, Disease	250		■						■						
Non-Acute Viol. of DW Standards, Health Advisory Levels, SWTT, Disease	200							■	■						
Facility Upgrade to Maintain Compliance	150	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Aesthetic Upgrades to Maintain Compliance	25														
INFRASTRUCTURE IMPROVEMENTS/UPGRADES - TOTAL	350 (max)	125	250	350	125	125	125	125	125	350	100	250	250	250	125
Source/Treatment w/ Connecting Mains	125 (max)	0	125	125	0	0	0	125	125	125	0	0	0	0	0
Meet Minimum Capacity	100		■					■	■	■					
Reliability	75		■					■	■						
Other Upgrades	25		■												
Enforcement Action	25		■							■					
Source Water Protection	50														
Transmission/Distribution Mains	125 (max)	125	125	125	125	125	0	0	0	125	100	125	125	125	125
Meet Minimum Capacity	100		■							■	■	■	■	■	■
Reliability	75		■							■					
Other Upgrades	25		■							■					
Enforcement Action	25		■												
Storage Facilities/Pumping Stations	125 (max)	0	0	125	0	0	125	0	0	125	0	125	125	125	0
Meet Minimum Capacity	100		■				■			■		■	■	■	
Reliability	75									■					
Other Upgrades	25		■												
Enforcement Action	25		■												
POPULATION - TOTAL	50 (max)	50	50	40	50	40	40	50	50	50	50	50	50	50	30
0-500	10														
501-3,300	20														
3,301-10,000	30														
10,001-50,000	40		■				■								■
>50,000	50	■	■		■			■	■	■	■	■	■	■	■
DISADVANTAGED COMMUNITY - TOTAL	50 (max)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Granted	50														
CONSOLIDATION - TOTAL	100 (max)	0	0	0	0	0	0	0	0	40	0	0	0	0	0
Achieve Compliance	100														
Correct Deficiencies	60														
Other	40									■					
COMP. WELLHEAD/SOURCE WATER PROTECT PLANS - TOTAL	100 (max)	0	100	0	100	0	0	0	0	0	0	0	0	0	0
Granted	100		■		■										
TOTAL PRIORITY POINTS ASSIGNED	1000 (max)	325	800	540	425	315	315	625	625	615	300	450	450	450	305

**Michigan Drinking Water Revolving Fund
Estimated Category Costs for FY 2013 Final Project Priority List (PPL)**

Project No.	Transmission/Distribution	Treatment	Storage	Source	Other	Total
7175-01	\$4,360,000					\$4,360,000
7256-01	\$4,320,000					\$4,320,000
7281-01	\$6,055,000					\$6,055,000
7290-01	\$2,147,789				\$2,317,211	\$4,465,000
7295-01	\$880,000					\$880,000
7303-01	\$5,540,000					\$5,540,000
7320-01	\$390,000					\$390,000
7326-01	\$3,440,000					\$3,440,000
7335-01	\$5,455,000					\$5,455,000
7344-01		\$2,500,000		\$500,000		\$3,000,000
7355-01	\$7,960,000					\$7,960,000
7371-01	\$150,000					\$150,000
7375-01				\$2,500,000		\$2,500,000
7376-01	\$1,647,321	\$187,500	\$187,500	\$133,929	\$93,750	\$2,250,000
7377-01	\$4,729,662				\$4,670,338	\$9,400,000
7379-01			\$430,000			\$430,000
7380-01	\$1,580,000	\$8,100,000	\$1,790,000		\$530,000	\$12,000,000
7381-01					\$1,160,000	\$1,160,000
7382-01	\$615,000					\$615,000
7383-01	\$2,695,000					\$2,695,000
7386-01	\$1,260,000					\$1,260,000
	\$53,224,772	\$10,787,500	\$2,407,500	\$3,133,929	\$8,771,299	\$78,325,000

of projects 14 3 3 3 5