

Financing waterworks projects through the



# Drinking Water Revolving Fund

(DWRF)



# The DWRF is jointly administered by:

**Revolving Loan  
and  
Operator Certification  
Section, MDEQ**

**Michigan  
Municipal  
Bond  
Authority**

**With Technical Assistance from MDEQ  
Water Bureau**

# Purpose of the DWRF Program:

To assist Michigan water suppliers in satisfying the requirements of the Safe Drinking Water Act (SDWA) by providing low-interest loans for the planning, design and construction of waterworks projects.



# Program Background:

- 💧 On August 2, 1996, Congress reauthorized the federal SDWA and included provisions to establish the DWRF program for states.
- 💧 On June 17, 1997, Governor John Engler signed legislation establishing the Michigan DWRF (Part 54 of P.A. 451, 1994).

# DWRF Financing Advantages:

- ✓ The interest rates for municipal and private suppliers are set below market rates each year
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- ✓ Loans have up to a twenty-year repayment period (may be extended to thirty years for disadvantaged communities).

# Who can borrow from the DWRF?

▶ COMMUNITY WATER SUPPLIERS

▶ NONPROFIT, NONCOMMUNITY WATER SUPPLIERS



# What types of projects qualify?

Waterworks projects consisting of pipes and structures through which water is obtained, stored, treated or distributed, including:

- \$ wells and well structures**
- \$ intake structures and cribs**
- \$ pumping stations**
- \$ treatment plants, storage tanks**
- \$ pipelines and appurtenances**
- \$ security systems**



- Water system projects or portions of projects determined to be primarily for **fire protection** are not eligible for DWRF assistance
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# Water System Expansion

DWRF funds cannot be used to finance the expansion of any water system if a primary purpose of the project is to accommodate future development.



# New Water Systems

EPA interpretation of the SDWA states that DWRF funds can be used to create new systems in place of private wells, only if there are actual documented public health problems with serious risks.



# Eligible Items:

- \$ Project planning
- \$ Engineering, legal and financial services
- \$ Acquisition of land, if it is integral to the project and purchased from a willing seller
- \$ Construction costs/bid contracts
- \$ Reasonable administration costs



# DWRF Project Segmenting and Phasing

## Conditions for Segmenting:

- Projects exceeding 30% of funds
- A project that spans the line between 'fundable' and 'contingent' on PPL. The project may be eligible for partial funding.



## Conditions for Phasing:

- Projects comprised of independent 'sub-projects' to be constructed in multiple years (up to five)
- Projects phasing longer than 5 years will be rescored based on remaining work