

## Michigan's

# Clean Water Funds

The State of Michigan has developed two funds to provide low-interest loans to communities for projects that improve water quality or protect public health. The State Revolving Fund (SRF) and the Strategic Water Quality Initiatives Fund (SWQIF) were each designed to fund two distinctly different types of projects:

**SRF** monies may be used for design and construction of the following:

- ◆ *Municipal Sewage Treatment Facilities*
- ◆ *Interceptor Sewers*
- ◆ *Collection Systems*
- ◆ *Inflow/Infiltration Correction*
- ◆ *Combined Sewer Separation*
- ◆ *Septage Treatment Facilities*
- ◆ *Non-Point Source Pollution Control*
- ◆ *Storm Water Treatment Facilities*

**SWQIF** monies may be used for design and construction of two types of projects:

- ◆ *Removal of excessive infiltration and inflow from privately-owned sources that flow into sanitary or combined leads*
- ◆ *Replacement of privately-owned failing septic systems that are adversely affecting public health or the environment.*

**Who can borrow from the Clean Water Funds?** Counties, cities, villages, townships, and other public bodies created under state law may receive loans from the two funds to construct eligible facilities. To receive funding assistance, eligible projects must first submit a project plan and then must appear on the appropriate state Project Priority List (PPL) and annual Intended Use Plan (IUP).

**When is a project ranked on the PPL?** July 1 of each year is the cut-off date for submission of new SRF/SWQIF project plans. Those applicants that satisfactorily complete such plans will have their projects ranked on the PPL that will go into effect the following October 1, at the start of the state's new fiscal year. The PPL, derived from state law and rules, ranks projects according to various criteria. Once on the PPL, the applicant will not be required to resubmit project plans for future year consideration unless ranking factors change.

**When are loans issued?** The Michigan Department of Environmental Quality (DEQ) develops the list of projects that may receive assistance. Based on the number of ranked projects and the amount of money available in each fund, the DEQ will notify each applicant officially, as funds become available and will negotiate a milestone schedule of various tasks that may culminate in an SRF and/or SWQIF loan.

Loan closing dates occur on a quarterly schedule each fiscal year: the end of December, March, June, and September. The specific date of your loan depends upon your negotiated schedule. The loan

is handled as a municipal bond issued by the applicant community. The bond must have an investment-grade rating, and is subject to all applicable state and federal requirements associated with municipal finance/debt activity. A bond attorney must be involved, and communities typically retain a financial advisor to assist them through the financing process.

**Who administers the Clean Water Funds?** The Michigan Finance Authority within the Michigan Department of Treasury, and the Revolving Loan Section of the Department of Natural Resources & Environment, serve as co-administrators of the Clean Water Funds, bringing together a collective expertise in managing environmental public health priorities and providing municipal finance assistance.

**What are the Financial Advantages of using the Clean Water Funds?** In most instances, the funds provide financing for 100 percent of eligible project costs. The interest rate is set below market rate for 20-year loans. In addition, streamlined program requirements result in minimum administrative costs, making projects more affordable.

It is important to contact the Revolving Loan Section of the DEQ to begin working with a project manager before proceeding with project planning efforts.

**Who should we contact?**

The need to finance projects requires unique partnerships. Administrators, technical staff, and finance specialists must all work together to manage Michigan's resources and protect the environment. The ability to finance these projects draws upon expertise found in two different offices.

**Program administration issues:**

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**Financial and municipal bond issues:**

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**Michigan Department of Environmental Quality**

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**Environmental Assistance Center**  
**1-800-662-9278**

**Michigan Department of Environmental Quality**

Rick Snyder, Governor  
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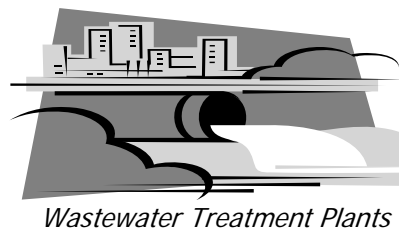
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Clean Water Funds**