
The

DIGESTER



Fall 1997

Municipal Facilities Section - Environmental Assistance Division
Michigan Department of Environmental Quality

Drinking Water Revolving Fund Update

Governor John Engler signed Acts 26 and 27 into law on June 17, 1997, amending 1994 PA 451, the Natural Resources and Environmental Protection Act, to include Part 54, Safe Drinking Water Assistance. Since that time, staff of the Environmental Assistance Division/Municipal Facilities Section (EAD/MFS) and the Drinking Water and Radiological Protection Division (DWRPD) have been busy developing the mechanics of the new Drinking Water Revolving Fund (DWRF).

The DWRF is a low-interest loan program designed to assist qualified Michigan water suppliers in financing improvements to their waterworks systems. Both municipally-owned and privately-owned suppliers may receive financial assistance if they meet the criteria established in Part 54 of 1994 PA 451.

The project planning guidance was recently finalized. This guidance will assist suppliers in taking the first step toward receipt of assistance--the development of their project plans. Similar documents focusing on project eligibility and a new concept, disadvantaged community status, will follow shortly. Then, prior to the conclusion of this calendar year, guidance on project priority points, revenue system development, and the application for assistance are all expected to be released to further clarify the intent of the DWRF.

At this time, the United States Environmental Protection Agency (EPA) has awarded capitalization funds totaling \$9.5 million for program set-asides. These include moneys for administration, technical assistance, and source water assessment activities. No project funds are included in this initial award.

We anticipate first funding to become available during the third and fourth quarters of Fiscal Year (FY) 1998. This means actual binding commitments from the Department of Environmental Quality (DEQ) are expected to occur in May and August next year. From the FY1997 capitalization grant, approximately \$60 million will be available for project loans. Another approximately \$25 million will become available when we draw on the FY1998 capitalization grant.

For water suppliers who desire funding in May or August, the cut-off date for submission of project plans to the MFS will be January 2, 1998. For those desiring inclusion on the FY1999 list, May 1, 1998 will be the date by which project plans must be submitted. These timeframes are tight and we cannot emphasize enough that interested suppliers should contact the DEQ early in their discussions. A project manager from the EAD/MFS will be assigned to assist you, along with the district engineer from the DWRPD.

We do not anticipate that all the available money will be expended for projects during FY1998. Any balance that remains uncommitted will be carried over for FY1999 projects. This means that the project funds should remain available for qualified suppliers who are unable to submit project plans by the January 2 date.

The DEQ plans to hold regional workshops during November and December to introduce the DWRF to anyone interested in learning more about the program. Watch for further details on the MFS web page, or call our office at 517-373-2161 for more information.

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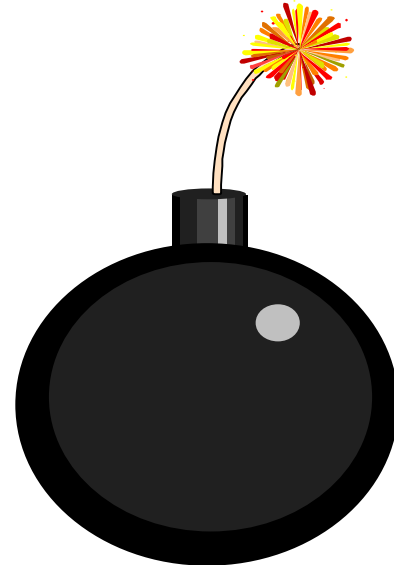


Michigan Department of Environmental Quality

Fiscal Year 1997 Ends with a BANG!

In the last week of September, the State Revolving Fund (SRF) saw Fiscal Year 1997 come to a close with the execution of eight loans totaling nearly \$80 million. These fourth quarter projects brought total loan assistance for the year to \$104,160,000. Since its inception in 1988, the SRF has financed over \$711 million of wastewater collection and treatment projects.

A primary beneficiary of the 1997 awards were the 13 communities served by the Wayne County Downriver System. Eight of the 16 loans tendered in Fiscal Year 1997 went to Wayne County for local sewer relief projects and improvements to the regional collection/treatment system, including \$58 million for the construction of the Lower Tunnel Sewer, the largest segment of the expanded regional storage/transport system. To date, nearly \$205 million has been awarded to Wayne County for improvements to the Downriver system.



As in a number of prior fiscal years, the SRF was able to finance every project on the Fiscal Year 1997 Project Priority List that was willing and able to proceed regardless of its priority ranking.

A complete list of Fiscal Year 1997 loan commitments is as follows:

2nd Quarter Projects; Binding Commitment Date of February 27, 1997

5005-09	City of Lansing	Seg. 9 CSO; Sewer Separation	\$ 5,090,000
5102-01	Bay Co.-Essexville	WWTP Improvements, Expand RTB, Outfall Const.	\$ 1,990,000
5117-23	Wayne Co.-Downriver	Jackson Street Pump Station Connection	\$ 2,090,000
5117-26	Wayne Co.-Downriver	Allen Park Local Relief Sewers	\$ 5,980,000
5135-01	City of Saginaw	CSO, Emerson Phase B Collection Sewer	\$ 1,930,000

3rd Quarter Projects; Binding Commitment Date of May 27, 1997

5110-02	City of Wayne	Segment II, Equal. Basin (Rouge Demo)	\$ 900,000
5117-27	Wayne Co.-Downriver	Dearborn Heights Local Relief Sewers	\$ 6,160,000
5120-02	Village of Ontonagon	Stab. Lagoon, Sewer Rehab, Seg. 2	\$ 495,000

4th Quarter Projects; Binding Commitment Date of August 28, 1997

5117-24	Wayne Co.-Downriver	Lower Tunnel Sewer	\$58,035,000
5117-28	Wayne Co.-Downriver	Romulus Local Relief Sewers	\$ 1,925,000
5117-29	Wayne Co.-Downriver	Southgate Local Relief Sewers	\$ 2,510,000
5117-30	Wayne Co.-Downriver	Taylor Local Relief Sewers	\$ 6,025,000
5117-31	Wayne Co.-Downriver	WWTP Low Lift Pump Station	\$ 3,840,000
5125-01	Detroit	PC-692-SFE Pumps	\$ 6,075,000
5129-06	Sault Ste Marie CSO	Sewer Separation-Portage & Ferris Streets	\$ 690,000
5140-01	Wayne Co. HVN	Lift Station 1A	\$ 425,000

TOTAL (16 Projects)	\$104,160,000
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Disadvantaged Business Enterprises

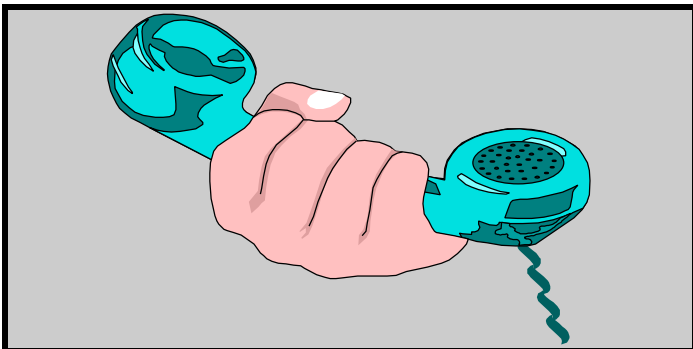
Each year, the United States Environmental Protection Agency (EPA) requires recipients of grant funds to establish overall fair share objectives for Minority Business Enterprises (MBE) and Women's Business Enterprises (WBE). These are collectively known as Disadvantaged Business Enterprises (DBE). These objectives are established as percentages of grant awards received each fiscal year to ensure the participation of DBEs in federally funded programs.

Michigan's State Revolving Fund (SRF) program has maintained an overall fair share objective of 4 percent for both the MBE and WBE contractors over the last few years. These have been based on national standards. Federal requirements for Fiscal Year 1998, however, have changed slightly and EPA now expects the states to establish their goals based on DBE availability.

Municipal Facilities Section (MFS) staff has reviewed the historical data covering the last eight years of the SRF program and identified major geographic areas where MBE/WBE participation has principally occurred. Based on this review, the MFS recommends a 5 percent MBE and a 3 percent WBE objective for Fiscal Year 1998.

SRF loan recipients are required to report their use of MBE/WBE contractors to the MFS as a condition of their loan. Prior to the due date for the State's quarterly reporting to the EPA, the MFS sends out a letter and reporting form so that each recent loan recipient can provide the necessary information about their utilization. Prompt return of the form is critical to the State's overall reporting. We appreciate the willingness of our local partners in the SRF to track and report this important data.

Questions about DBEs or the reporting requirements may now be directed to Mr. Edward Moyer, Manager of the Technical Support Unit in the MFS. Mr. Moyer may be reached at 517-373-4737.



METAMORPHOSIS

For the past several years, staff of the Municipal Facilities Section (MFS) has used *The Digester* to communicate important information and issues about the State Revolving Fund (SRF). This publication has been mailed out three times each year in the hope that municipalities, their consultants, and other interested parties would benefit from improved communication with the section.

With the recent addition of the Drinking Water Revolving Fund (DWRF), it is evident that the current name of our newsletter does not fit particularly well with drinking water processes. The last thing the MFS wants to do is to confuse the programs and cross-connect the pipes!

Beginning with the winter edition, *The Digester* will undergo a metamorphosis into a more comprehensive newsletter covering issues impacting both the SRF and the DWRF. We intend to work closely with the staff of the Drinking Water and Radiological Protection Division (DWRPD) to incorporate more information about the new program, while we keep up with articles highlighting the water pollution control topics, as well.

When you receive the next edition of the newsletter, it will introduce a new name and wider coverage, but will maintain a similar format. We will also continue to publish it on the MFS web site.

Update on Sewer Use Ordinances

Federal pretreatment regulations require that all publicly-owned treatment works have the legal authority to seek at least \$1,000 per day fines for violations of a local sewer ordinance. However, existing Michigan law provides that violations of most types of local ordinances, including sewer use ordinances, have to be treated as criminal misdemeanors subject to a maximum \$500 fine and/or 90 days in jail.

Recently this law was amended to give local governments the option to decriminalize local ordinance violations by designating the violations as municipal civil infractions instead of misdemeanors, allowing communities to enforce the \$1,000 per day fines. In addition, the burden of proof has been lessened and the enforcement procedures streamlined. Publicly-owned treatment works will be better able to enforce ordinances and improve response to notices of violations and orders. Local governments should seek legal advice in how to revise their existing ordinances to implement these new changes to the law. Call Robert Babcock at 517-373-8566 or Grace Scott at 517-335-4107 for more information on the Civil Infraction package.

MFS Expands Responsibilities

The Municipal Facilities Section (MFS) is now in the process of making a transition from developing the Drinking Water Revolving Fund (DWRF) to working with local water suppliers. In undergoing this transformation, the MFS project management units will now assume responsibility for meeting with interested suppliers to discuss their projects and guide them through the financing process.

For the past year, a DWRF implementation team has assisted Rep. Jon Jellema in meeting with stakeholders, drafting legislation, and following up with developing the mechanics of this new financing program. MFS, the Michigan Municipal Bond Authority, and staff of the Drinking Water and Radiological Protection Division have all collaborated in this effort to create an understandable and accessible finance program.

Members of the implementation team are now assisting other staff in each agency to broaden their knowledge of the DWRF in order to efficiently manage the anticipated projects. This same team will be taking their message to local water suppliers and their consultants as they undertake a "road show" in early December. Those on *The Digester* mailing list will receive an invitation. **Dates and locations are: December 2 at the Ramada Inn in Marquette; December 4 at the Holiday Inn in Gaylord; December 9 at the President's Inn in Grand Rapids; and December 11 at Laurel Manor in Livonia. All presentations will be from 8:00 a.m. until noon.**



If you are interested in speaking with staff about the requirements of the DWRF, you may call Chip Heckathorn at 517-373-4725 (for West Michigan and Upper Peninsula projects), or David Krusik at 517-373-4727 (for East Michigan projects). They can answer any questions you may have and, if appropriate, assign a project manager to your project.

Fiscal Year 1998 Fundable Range Established for the State Revolving Fund

The recent passage of the Federal appropriations bill for the Departments of Veterans Affairs, Housing and Urban Development and Independent Agencies, which includes Fiscal Year (FY) 1998 funding for Environmental Protection Agency programs, provides the final piece of the FY1998 funding puzzle. The availability of these funds, coupled with the finalization of the FY1998 Project Priority List (PPL), has enabled the Department of Environmental Quality to establish a fundable range for wastewater projects through September 1998. The fundable range has been established by allocating available State Revolving Fund (SRF) moneys, currently estimated at \$150 million, to projects in priority order on the FY1998 PPL.

Available moneys in the SRF for FY1998 consist of Michigan's share of the Federal appropriation secured through our FY1998 capitalization grant, the required 20 percent state match funds, principal and interest payments returning to the fund during the fiscal year on its outstanding loans, and bond reserve funds that will be released back to the SRF by the Michigan Municipal Bond Authority. These funds have allowed an initial fundable range to be established that extends part way through the 22nd project of the 31 projects included on the FY1998 PPL, and guarantees funding to these projects if they can satisfy application requirements in a timely fashion. A listing of these projects appears on page 5:

Consistent with the provisions of Part 53 of the Natural Resource and Environmental Protection Act, all communities on the FY1998 PPL have been notified of the fundable range and been provided with instruction regarding establishment of project milestone schedules. Any project that fails to adhere to its milestone schedule will be bypassed and money that had been reserved for its use will be released to projects outside the initial fundable range.

Any questions regarding the fundable range can be directed to Chip Heckathorn at 517-373-4725.

The U.S. House and Senate adopted the FY1998 appropriation for HUD and Independent Agencies on September 26.

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