



RICK SNYDER
GOVERNOR

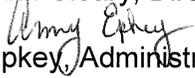
STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



C. HEIDI GREETHER
DIRECTOR

VIA E-MAIL

TO: Senator Arlan Meekhof, Senate Majority Leader
Senator Jim Ananich, Senate Minority Leader
Representative Tom Leonard, Speaker of the House
Representative Sam Singh, House Minority Leader
Ellen Jeffries, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency

FROM:  Amy Epkey, Administration Deputy Director

DATE: March 15, 2018

SUBJECT: Report on Water Infrastructure Improvements for the Nation Act –
City of Flint Legislative Report

In accordance with Section 302 of Part 2, Provisions Concerning Appropriations, of 2017 PA 33, attached is the Department of Environmental Quality's (DEQ) report on Water Infrastructure Improvements for the Nation Act.

If you need further information, please contact Eric Oswald, Director, Drinking Water and Municipal Assistance Division, at 517-284-6544; or you may contact me at 517-284-5002.

Attachment

cc/att: John Walsh, Director, State Budget Office
Darin Ackerman, Governor's Office
Angela Ayers, Governor's Office
Josh Sefton, Senate Fiscal Agency
Austin Scott, House Fiscal Agency
Jacques McNeely, State Budget Office
Jennifer Harrison, State Budget Office
C. Heidi Grether, Director, DEQ
Susan Leeming, External Relations Deputy Director, DEQ
Michael McClellan, Environment Deputy Director, DEQ
Sarah M. Howes, Legislative Liaison, DEQ
Eric Oswald, DEQ
Sonya Butler, DEQ

Water Infrastructure Improvements for the Nation (WIIN) Act
City of Flint Legislative Report
February 2018

Overview

Early in 2017, Michigan applied for and was awarded WIIN grant funds of \$100 million from the U.S. Environmental Protection Agency (EPA). The state provided the matching funds of \$20 million. The purpose of WIIN funds is to address lead and other contaminants in drinking water, including the repair and replacement of public and private drinking water infrastructure. WIIN funds are reimbursed as evidence is presented for eligible activities; WIIN funds are disbursed on a reimbursement basis after work is performed. As of February 28, 2018, a total of \$17.4 million has been spent of the \$120 million.

The city of Flint originally requested to allocate the funding as follows:

- Service line replacement: \$40 million
- Distribution system/transmission main improvements: \$10 million
- Meter replacement: \$10 million
- Water treatment plant improvements: \$58.5 million
- Corrosion control plans and asset management: \$1.5 million

The EPA has requested additional details from the city of Flint before funds can be used for meter replacements or water treatment plant improvements. The city of Flint is in the early planning stage of the distribution system/transmission main improvements project.

An approved allocation of WIIN funds and the associated match was made to the following projects:

- Lead service line replacement: \$40 million (\$20 million federal, \$20 million state match)
- Contractual services for corrosion control plans and an asset management program: \$1.5 million

This quarterly report will provide an update on reimbursement requests that have been submitted for the following:

Lead Service Line Replacement

The following table contains information on the lead service line project started in May 2017. While over 6,000 service lines have been replaced in Flint, including 5,357 lead service lines as part of Phase IV of WIIN, through February 28, 2018, WIIN reimbursements have only been requested for 3,464 service lines. Construction related to service line removal for Phase IV was completed in December 2017; however, restoration work remains to be completed as this activity is weather dependent.

	5-31-17	8-31-17	11-30-17	2-28-18	Total
Requested for reimbursement*	\$0	\$3,055,462	\$8,447,149	\$5,857,611	\$17,360,222
Number of lead service lines reimbursed	0	660	1,698	1,106	3,464
Average cost per replacement	\$0	\$3,990	\$4,037	\$4,026	\$4,026
WIIN funds reimbursed	\$0	\$0	\$0	\$0	\$0
State match reimbursed	\$0	\$3,055,462	\$8,447,149	\$5,857,611	\$17,360,222
WIIN funds remaining for project	\$20M	\$20M	\$20M	\$20M	\$20M
Amount of state match remaining for project	\$20M	\$16,944,538	\$8,497,389	\$2,639,778	\$2,639,778

*Costs requested include construction, hydrovac work, and restoration.

Contract Services

The table below contains information on the corrosion control plan and asset management activities started in April 2017. This project is expected to be completed in September 2019.

	5-31-17	8-31-17	11-30-17	2-28-18	Total
Requested for reimbursement	\$95,094	\$97,878	\$0	\$243,095	\$436,067
WIIN funds used	\$95,094	\$97,878	\$0	\$243,095	\$436,067
State match used	\$0	\$0	\$0	\$0	\$0
WIIN funds remaining for project	\$1,404,906	\$1,307,028	\$1,307,028	\$1,063,933	\$1,063,933
State match remaining for project	\$0	\$0	\$0	\$0	\$0