

SAW Frequently Asked Questions (FAQ)

General

- Question:** What legislation applies to the SAW program?
Answer: Public Acts 511, 560, and 562 of 2012. See [Laws & Regulations](#).
- Question:** Will the SAW program replace the existing S2 program?
Answer: No, the S2 program was a separate funding source for which the money has been exhausted.
- Question:** How can I track the development of the SAW program?
Answer: Information on the SAW program workgroup will be placed on our website, www.michigan.gov/cleanwaterrevolvingfund, and the FAQ will be updated as needed.
- Question:** What's the difference between an SRF Loan, an S2 Grant and a SAW Grant/Loan?
Answer: The attached table provides a visual comparison of the SRF, S2 Grant, and SAW Grant/Loan.
- Question:** Do all appendices need to be submitted with the application?
Answer: No, only those appendices that are pertinent to the activities the applicant is applying for need to be submitted with the application.
- Question:** Does the Sample Grant Agreement need to be completed?
Answer: No. The Sample Grant Agreement must be submitted with the resolution, but does not need to be completed.

Funding

- Question:** How much money is available?
Answer: \$450M is allocated to provide grants and loans. \$97M is available for grants/loans in fiscal years (FY) 2014-2015. Grants are available up to \$2M per municipality with match of 10 percent for the first million and 25 percent for the second million. Some municipalities may qualify for 100 percent grant.
- Question:** What is the interest rate for loans in the SAW program?
Answer: The interest rate is established on an annual basis and has been set at 2.5 percent for FY 2014 and FY 2015.
- Question:** Is the \$2 million grant cap in addition to the old \$1 million cap for S2 grants?
Answer: Yes, funds received from an awarded S2 grant do not count towards the new SAW grant program.
- Question:** Where is the money coming from?
Answer: Treasury will issue general obligation debt as authorized in the Great Lakes Water Quality Bond. Public Act 562 of 2012 authorizes a portion of the Great Lakes Water Quality Bond to be deposited into the Strategic Water Quality Initiatives Fund for the SAW programs. Per statute, the debt service on these bonds must be paid using General Fund dollars.

5. **Question:** Will the lottery order change?
Answer: No. Applicants will be notified of any future grants in the order listed on the lottery list.

Applications

1. **Question:** Are applications available?
Answer: The DEQ, with input from the SAW workgroup, developed guidelines and application materials that were made available on our website. Applications were accepted from December 2, 2013, through March 21, 2014. Since the total amount requested for SAW applications exceeds the available amount, SAW applications are no longer available.
2. **Question:** Is there a pre-application for communities to complete and determine funding status?
Answer: No, there is no pre-application. All SAW grant and loan applicants will be funded on a first come, first served basis. Applications will not be reviewed prior to December 2, 2013.
3. **Question:** Who can apply?
Answer: Any municipality as defined by MCL 324.5301(i) is eligible to apply. MCL 324.5301(i) defines a municipality as “a city, village, county, township, authority, or other public body, including an intermunicipal agency of 2 or more municipalities, authorized or created under state law; or an Indian tribe that has jurisdiction over construction and operation of sewage treatment works or other projects qualifying under section 319 of title III of the federal water pollution control act, 33 USC 1329.” Public bodies (other than cities, villages, counties, and townships) and Authorities applying for SAW grants or loans must indicate the relevant authorizing statutory authority in the application.
4. **Question:** Can a county drain commissioner apply for an asset management grant?
Answer: Yes, however, waters of the state may NOT be included as an asset.
5. **Question:** Can the applicant sign one contract with its program manager, who then subcontracts all services?
Answer: Yes, documentation must be provided. Construction costs requested in a SAW loan must be competitively bid.
6. **Question:** What is the proper way to calculate the match?
Answer: The match should be calculated on the total project cost, not the amount of the requested grant award. An example for an applicant requesting a \$2 million grant is shown below:
- $\$1,111,111 \times 90\% = \$1,000,000$
 $\$1,333,333 \times 75\% = \$1,000,000$
Total Project Costs = \$2,444,444
 $\$2,444,444 - \$2,000,000 = \$444,444$ local match
7. **Question:** If an applicant is submitting two applications (i.e., one for a stormwater asset management plan and one for a wastewater asset management plan), how should costs (such as for GIS training/hardware/software) that relate to both categories be documented on each application?

Answer: The applicant should split the costs that relate to both categories between the two applications. The applicant can indicate on the applications that if only one of the applications gets selected for funding, the applicant would like the total amount of the cost of the item to be included.

8. **Question:** The grant application worksheet has a column for “incurred costs,” “force account costs,” and “estimated costs.” Where should incurred force account costs be placed?

Answer: As long as we can understand the costs and proper documentation is submitted, we can change the costs to the appropriate columns, if necessary. For example, the applicant could place the incurred force account costs in the incurred column or in the force account column as long as the documentation provided accurately identifies the type of work and whether the costs are incurred or estimated.

9. **Question:** If an applicant submits more than one application that totals over \$2 million in requested grant funds, and all are approved for funding, which activities will be included in the grant award?

Answer: In this case, one grant award that covers the activities in all of the approvable and selected applications will be issued. The DEQ will only reimburse for up to \$2 million in grant funds as the disbursement requests are submitted.

Grants

1. **Question:** Do all SAW grants have to result in construction?

Answer: No. Grants for wastewater asset management plans must show significant progress toward a funding structure within three years. Stormwater asset management plan must be implemented. Stormwater management grants must develop a plan. Grants for planning and design of sewage or stormwater treatment works and NPS must issue a notice to proceed or a similar document within three years of the grant award. Innovative technology grant recipients must agree to implement a full scale project if shown to be feasible.

2. **Question:** Can a SAW grant be used for planning and design activities?

Answer: Yes, however, construction must proceed within 3 years of the grant award. An asset management plan is not required unless the applicant is seeking a SAW loan.

3. **Question:** Can an applicant with no infrastructure apply for an asset management grant?

Answer: No, an asset management grant applicant must have assets to identify in an asset management plan.

4. **Question:** Should a SAW design grant tie back to a project plan?

Answer: A project plan is required only if the applicant will apply for SRF or SWQIF funding. Otherwise, the proposed project should address a water quality issue (i.e., permit, enforcement action, TMDL, impaired waters). Justification of the project need will be required.

5. **Question:** Is a public hearing or meeting required for a SAW grant/loan?

Answer: While public involvement is encouraged, holding a public hearing or meeting is not required unless SRF/SWQIF funding will be used to construct the project.

6. **Question:** What is the deliverable for a planning grant?
Answer: If construction will be funded by SRF or SWQIF, a project plan; if construction will be funded by Rural Development, a Preliminary Engineering Report. All projects funded with other sources must submit a project proposal.
7. **Question:** What is the difference between a project plan and a project proposal?
Answer: A project plan must be submitted for a project that has received a planning and/or design grant and will be funded through the SRF or SWQIF. A project proposal must be submitted for a project seeking a SAW loan or other funding source for a project in an approved asset management plan or stormwater management plan.
8. **Question:** Are applicants required to utilize GIS or asset management software if requesting asset management grant funds?
Answer: No, an applicant only needs to use software if requested as part of the grant.
9. **Question:** Can the approved SAW grant amount be increased?
Answer: No, as funding is limited.
10. **Question:** How often will disbursements be processed?
Answer: Disbursements will be processed once a month on the Wednesday following the 15th calendar day. Applicants should submit requests along with the supporting documentation within 7 to 10 days prior to the 15th to allow sufficient time for staff review and approval.

Loans

1. **Question:** What is required to obtain a SAW loan?
Answer: A municipality can obtain a SAW loan for construction activities if the project is addressing a water quality issue and is identified in an asset management program, or an approved stormwater management plan, or includes innovative technology approved by the DEQ.
2. **Question:** When can a loan applicant start construction?
Answer: Construction can start when the fact sheet has been issued AND the permit(s) approved (if required) or final plans and specifications have been approved.

Eligibility

1. **Question:** How do you determine eligibility requirements based on entities that cover the same geographic region? For example, the Alliance of Rouge Communities is a legal entity covering parts of Oakland, Wayne, and Washtenaw Counties. How would the funding limitations be implemented for these areas?
Answer: Each entity is eligible for a SAW grant, up to \$2M, if the scope of work is different.
2. **Question:** Will a SAW Asset Management grant fund GIS inventory and mapping?
Answer: Yes, SAW grant funds can be used for the purchase of GIS tools, training, and data collection. A dollar limit will be used based on service area population.

3. **Question:** Will the purchase of a vactor truck be SAW grant eligible?
Answer: No, however, the purchase of a vactor truck may be SAW loan eligible.
4. **Question:** Are the costs associated with preparing the application grant eligible?
Answer: Yes, these costs are eligible if prepared by the applicant or a consulting firm.
5. **Question:** Are costs incurred prior to grant award eligible?
Answer: Yes, grant/loan eligible activities with the exception of construction, will be retroactive to January 2, 2013.
6. **Question:** Is work performed by municipal employees eligible for grant/loan assistance?
Answer: Yes, if work performed is directly related to the project scope. Fringe benefits are limited to 40 percent; overtime is not eligible.
7. **Question:** What document needs to be submitted with disbursement requests?
Answer: Detailed summary sheet including name, title, hours worked, per hour compensation (wages and fringes) of each municipal employee with time billed to the project. Also include a description of the service the employee provided.
8. **Question:** Is there a limit on force account work?
Answer: There is no limit on salary; however, fringe benefits are limited to 40 percent of salaries, and overtime is not eligible.
9. **Question:** Will the grant cover indirect expenses?
Answer: No.
10. **Question:** Are the legal fees associated with developing a Stormwater Utility grant eligible?
Answer: Yes, however, legal fees to defend the creation of a stormwater utility are not eligible.
11. **Question:** Are easements for construction and permit grant eligible?
Answer: No. The costs to acquire land/easements (appraisals, purchase price, title searches, easement agreement preparation, legal notices, and closing costs) are not grant eligible.
12. **Question:** Is the creation of an authority grant eligible?
Answer: No.
13. **Question:** Is educational project signage eligible?
Answer: Yes, the design is grant eligible; construction is loan eligible.
14. **Question:** Is development of an asset management plan for communities that have both separate and combined storm sewers eligible for grant funding?
Answer: Yes. If a community has a combined system, it may include assets such as catch basins in its wastewater asset management plan.
15. **Question:** Is the purchase of flow or hydraulic modeling software eligible for asset management grant inclusion?
Answer: Yes. The purchase of software such as XP SWMM or InfoSWMM that interfaces with the GIS platform and allows for hydrologic/hydraulic modeling for the purposes of

ongoing Level of Service determinations is eligible. The cost of this software will be part of the asset management/GIS limits as stated in the application.

16. **Question:** Are water meters eligible for grant inclusion?
Answer: No, water meters are not eligible for SAW grant.
17. **Question:** Are cleaning and televising to determine condition assessment eligible for asset management grant inclusion?
Answer: Yes, if the pipe in question is more than 20 years old or documentation indicating a suspected problem area is included with the application.
18. **Question:** Are wire transfer fees an eligible SAW grant expense?
Answer: No. The state of Michigan is committed to being efficient where possible. The use of wire transfers represents a significant administration cost savings compared to manual payment processes. Additionally, wire transfers are guaranteed, traceable, and available the same day for community use.

There are several options a SAW grant recipient can use to handle wire transfer fees: ask your financial institution to reduce, waive, or change a flat fee; switch to a financial institution that does not charge a fee for incoming wires or limit the number of SAW grant reimbursements requested. There is no requirement to draw on your grant monthly.

19. **Question:** Are activities to bring a buried manhole up to grade eligible?
Answer: No, tangible construction is not SAW grant eligible.

Asset Management Plans

1. **Question:** How is significant progress of a funding structure defined?
Answer: Significant progress is defined as implementation of at least one rate increase within three years of the executed grant. The rate increase must be at least 10 percent of the gap in the current revenue needs to meet expenses. The applicant will need to provide a 5-year plan to address the remaining gap in revenues and expenses. The 5-year plan should begin with the first rate increase and include the following 5 years.
2. **Question:** How detailed does the asset inventory need to be?
Answer: It depends on the scope of work. If a grant is requesting GIS, then each manhole should be identified. Otherwise, manholes can be grouped by street name (i.e., 20 manholes on Elm Street).
3. **Question:** Will applying for an asset management grant affect my NPDES permit?
Answer: The acceptance of an asset management grant will subsequently affect future NPDES permits to include asset management language as applicable. The NPDES permit asset management language is included in Appendix C of the SAW Grant Application.
4. **Question:** Can you do an asset management plan for just a specific district of your wastewater system?
Answer: No, the asset management plan must be for the entire system.
Example: If an asset management plan grant is for the collection system, the entire collection system must be included in the asset management plan.

5. **Question:** Will an asset management grant fund updates to the server to run GIS?
Answer: No, the grant does not allow for the purchase of a server or updates to the server to run GIS.
6. **Question:** If a community is applying for both a wastewater and stormwater asset management grant, do the GIS software/hardware limits apply to each grant category?
Answer: No, the limits are per applicant not category.
7. **Question:** Is the use of EPA's Check Up for Small Systems (CUPSS) software sufficient for meeting the NPDES asset management requirements?
Answer: The asset management requirement in the NPDES permit requires a Business Risk Evaluation that combines the probability of failure of the asset and the criticality of the asset. CUPSS determines risk by combining the probability of failure and the consequence of failure of the asset. If the applicant is using CUPSS, the method for determining risk is sufficient for the SAW grant. However, if the applicant wants to comply with the NPDES permit requirements the applicant will need to rate the criticality of the asset and provide a Business Risk Evaluation.
8. **Question:** Where should items such as Capital Improvement Planning costs and costs to fill out the grant application be placed on the Project Cost Worksheet in the Asset Management Plan Appendix?
Answer: There are certain items that do not clearly fit in the item categories of the worksheet. As long as these items and their costs are documented clearly, RLS staff can move the items to the appropriate category, if necessary. The applicant can always place an item in the "other" category if unsure.

Stormwater

1. **Question:** Can a county drain commissioner include waters of the state in a stormwater management plan?
Answer: Yes.
2. **Question:** Does the state have a map of "waters of the state"?
Answer: No, however, in general areas depicted with a blue line on USGS maps are considered waters of the state.
3. **Question:** What are the physical differences between an "open storm sewer system" and an "open drainage system"?
Answer: The open drainage system may contain waters of the state.
4. **Question:** Can SAW be used for stormwater management plans for groundwater discharges?
Answer: Yes, but there needs to be a nexus to a water quality issue.
5. **Question:** Can any municipality apply for an MS4 stormwater management plan?
Answer: Only those municipalities that are a current MS4 permittee or that agree to be an MS4 permittee as a result of applying for an MS4 stormwater management plan grant are eligible to apply. Otherwise, the municipality may apply for a NPS or SAW stormwater management plan.

Disadvantaged

- Question:** If a disadvantaged community gets a SAW grant, can the community use \$500,000 for construction?
Answer: A disadvantaged community can only receive \$500,000 for construction if the project is identified in an approvable asset management plan.
- Question:** Can a disadvantaged community use a construction grant to address a project identified in a stormwater management plan provided that the project is also referenced in an asset management plan?
Answer: Yes, because the project is identified in an asset management plan.
- Question:** When can a disadvantaged community request grant funds for construction of a project identified in an asset management plan?
Answer: A disadvantaged community cannot apply for grant funds for construction until it has developed an approvable asset management plan. The grant for construction will not be awarded until the asset management plan has been reviewed by the DEQ.
- Question:** When can a disadvantaged grant applicant start construction?
Answer: Construction can start when the fact sheet has been issued AND the permit(s) approved (if required) or final plans and specifications have been approved.

Resolution

- Question:** I noticed the resolution in the application has been revised. What if a municipality has already passed the resolution dated October 4, 2013?
Answer: The resolution was revised for clarification purposes. Any resolution that has been posted on our website since October 7, 2013, will be accepted. We have added two additional resolutions for entities (such as tribes and authorities) that may not “fit” the standard resolution.
- Question:** If a municipality plans to submit more than one application for different grant activities, must a resolution be passed for each application?
Answer: It is the applicant’s choice whether to submit separate resolutions for each application or one resolution that includes the total costs for all activities the applicant is requesting grant funds. If the applicant passes one resolution, a copy of that resolution should be included in all the applications submitted and the applicant should note which application contains the original executed resolution.
- Question:** What amount should be put in the resolution – total project cost or amount of requested grant award?
Answer: The amount in the resolution is the maximum the applicant can receive in grant funds. The DEQ can issue a grant award in an amount that is equal to or less than the amount in the resolution.

Procurement

1. **Question:** Does the DEQ require competitive bidding through a Request For Proposals (RFP) process for the procurement of stormwater/wastewater planning (including asset management), user charge development, innovative technology, and/or design services to accomplish the scope of work in the approved SAW application?

Answer: No. The State of Michigan has no policy regarding the procurement process used to retain a consultant(s) who will perform or supply planning or design services to accomplish the approved scope of work in the SAW application. A signed contract is required for any services to be rendered or supplied in excess of \$50,000. It is entirely up to the discretion of the SAW applicant whether to undergo competitive bidding through an RFP procurement process prior to award of a contract(s) for the grant scope of work. Keep in mind that the grant cannot be increased; therefore, the estimate provided in the approved application will be the maximum amount available if a firm other than the one who was quoted in the application is hired.

2. **Question:** Is competitive bidding required for **construction** projects funded through SAW grants and loans?

Answer: Yes.

3. **Question:** Is cleaning and televising considered a construction activity?

Answer: No.

Michigan Department of Environmental Quality
Revolving Loan Section - Program Comparison Table

	SRF Loan	S2 Grant-Round1	S2 Grant-Round2	SAW Grant	SAW Loan
Total Program (millions)	Varies Annually	\$40	\$40	\$450	
Match up to \$1 Million		10%	10%	10%	
Match up to \$2 Million				25%	
How are projects funded	Ranked by Score	As Requested	As Requested	As Requested	As Requested
Conditions for:					
Sanitary Planning/Design		Repay if no SRF w/i 3 Yrs	Repay if no Project w/i 3 Yrs	Repay if no Project w/i 3 Yrs	
Stormwater Mgmt. Plans				Completion of plan	
Asset Management (AM)				Progress w/i 3 Yrs	
Interest Rate	Varies Annually				Varies Annually
Wastewater					
Planning	X	X	X	X	X
Asset Management				X	
Design	X	X	X	X	X
Construction	X			X - Disadvantaged (if in AM plan)	X
User Charge	X	X	X	X	X
Stormwater Treatment					
Management Plans				X	X
Planning				X	X
Asset Management				X	X
Design				X	X
Construction				X - Disadvantaged (if in AM plan)	X
Non-Point Source Pollution	X	X	X	X	X
Innovative Treatment					
Wastewater				X	X
Stormwater				X	X