

State of Michigan
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Department of Environmental Quality



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INTERNET: <http://www.michigan.gov/cleanwaterrevolvingfund>

**State Revolving Fund
Strategic Water Quality Initiatives Fund
Final Intended Use Plan - Fiscal Year 2017**

Prepared by:
Revolving Loan Section
Office of Drinking Water and Municipal Assistance
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SRF SWQIF SRF SWQIF SRF SWQIF

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SRF Final Project Priority List for Fiscal Year 2017
NPS Final Project Priority List for Fiscal Year 2017
Final Fundable SRF Projects by Category for Fiscal Year 2017
Key to Project Priority List Headings for SRF and SWQIF
SRF Final Green Projects
SRF Final Disadvantaged Projects

I. **INTRODUCTION**

The Michigan Department of Environmental Quality (DEQ) through the Office of Drinking Water and Municipal Assistance (ODWMA) provides a low-interest loan financing program to assist qualified local municipalities with the construction of water pollution control facilities. Michigan's fund is officially known as the Water Pollution Control Revolving Fund. Since its inception in 1989, however, the fund has more commonly been referred to as the State Revolving Fund, or SRF. This is an important distinction to be made because Michigan also offers similar financing programs: the Drinking Water Revolving Fund or DWRF, for drinking water projects, and the Strategic Water Quality Initiatives Fund or SWQIF, for water pollution control projects that are not in public ownership. While these three programs run on parallel tracks, there are some differences in their requirements. It is important that interested parties work with the DEQ staff to increase their knowledge of these differences.

This final Intended Use Plan (IUP) will focus on the SRF and SWQIF. Qualified municipalities must meet the federal and/or state requirements for either program, as well as demonstrate their ability to publicly finance their project and retire project debt. In addition, to the loan provided by the DEQ, borrowers have the option to pay for part of their project with cash and other resources. The Michigan Finance Authority (Authority) is charged with the financial administration of the SRF and SWQIF funds through the Shared Credit Rating Act, 1985 PA 227, as amended. Since 1989, Michigan has awarded over \$4.6 billion in financial assistance to 571 borrowers. The SWQIF has provided \$24 million in financial assistance to 21 borrowers. In fiscal year (FY) 2017, the SRF will fund projects for \$191 million. There are no projects requesting SWQIF funding in FY 2017.

Michigan's SRF program is used by local municipalities to finance construction of their water pollution control projects pursuant to Part 53, Clean Water Assistance, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451. These projects may include wastewater treatment plant upgrades or expansions, combined or sanitary sewer overflow abatement, new sewers designed to reduce existing sources of pollution, and other publicly owned wastewater treatment efforts. The SRF can also fund projects to reduce nonpoint sources (NPS) of water pollution.

The SWQIF was created by the passage of Proposal 2 by Michigan voters in November 2002. The implementation of the SWQIF is codified as Part 52, of the NREPA, 1994 PA 451, as amended. The SWQIF is a low-interest revolving loan program that allows qualified municipalities to access financing for the construction of needed water pollution control facilities that cannot qualify for SRF assistance. Two types of projects can be financed under the SWQIF: (1) the on-site upgrade/ replacement of septic systems, and (2) the disconnection of footing drains from privately owned sump pumps.

This final IUP describes how the DEQ and the Authority will jointly administer all available SRF and SWQIF funds during FY 2017. An IUP is a required part of the process to request the federal 2016 SRF capitalization grant, which will be matched with 20 percent in state match funds. The 2016 capitalization grant allotment for Michigan is \$57,450,000. The Revolving Loan Section (RLS) of the ODWMA is charged with carrying out the program administration responsibilities. The Authority is responsible for financial administration of the programs. The United States Environmental Protection Agency (EPA), Region 5 staff continues to offer guidance and annual program oversight reviews that strengthen the management of the SRF and help to ensure consistent application of federal requirements. The SWQIF is a state-funded program that has requirements similar to the SRF.

The relationship between the DEQ, the Authority and the EPA is established in an Operating Agreement signed by authorized signatories from each agency. The Operating Agreement is incorporated into this final IUP by reference and is available from the DEQ upon request. The DEQ certifies that it is recognized by the EPA as the primary agency for management of the SRF program. The priority systems for the SRF and SWQIF were developed by the DEQ and will be used each fiscal year to determine which projects will have access to SRF and SWQIF assistance. The SRF and SWQIF priority systems were designed to provide low-interest financing to those projects that will have the greatest impact on public health and water quality.

A public hearing for the draft IUP and the Project Priority Lists (PPL) was held on September 21, 2016. The public comment period closed on September 28, 2016. Comments and re-evaluation requests were received and responded to and are reflected in this final IUP.

American Recovery and Reinvestment Act

In FY 2009, Michigan received additional SRF capitalization of \$168,509,000 through the American Recovery and Reinvestment Act of 2009 (ARRA), the federal stimulus bill. Sixty-seven (67) projects received low-cost financing through ARRA. Sixty-three (63) projects have completed construction as of September 28, 2016.

Fiscal Year 2017 Project Funding

Michigan's 2016 federal SRF capitalization grant is \$57,450,000. Congress mandated that 10 percent of the grant funds (\$5,745,000) be provided as additional subsidy to borrowers. The DEQ plans to provide the entire amount as principal forgiveness. In addition, Congress requires that at least 10 percent of the grant (\$5,745,000) be used for projects that qualify under the Green Project Reserve. All SRF projects funded in FY 2017 must pay their workers the federal Davis Bacon wage rates for their job classification.

II. STRUCTURE OF THE SRF

From 1989 through 1992, Michigan's SRF operated as a direct loan program. Municipalities requested reimbursement for project costs and draws were processed directly upon federal and state funds as they were requested. Since 1992, however, the state has sold State Revolving Fund Revenue Bonds that are secured by federal and state assets (i.e., federal capitalization grant, required state match, loan repayments, and interest earnings). State funds can include general fund or state match revenue bonds. Bond issuance costs are covered by the bonds sold and, thus, are not identified as direct administrative expenses of the SRF. Historically, the bond issuance costs are approximately 1 percent of the total bond issue. Project costs of the local units of government are reimbursed from the bond issues.

III. STRUCTURE OF THE SWQIF

Capital for the SWQIF is provided solely by the state of Michigan. SWQIF financing for projects first became available in October of 2003. The structure of the SWQIF is very similar to the SRF and utilizes the same project planning, application, and review/approval process. Like the SRF, the SWQIF can operate as a direct loan program or can provide assistance through the sale of leveraged revenue bonds.

IV. ADVANTAGES OF THE SRF AND SWQIF

The primary advantage of the SRF and the SWQIF to Michigan municipalities is the ability to borrow funds below market rate. The following table shows the interest rate history of the SRF program.

<u>Fiscal Year</u>	<u>Interest Rate</u>
1989-1994	2.000%
1995-1998	2.250%
1999-2003	2.500%
2004	2.125%
2005-2007	1.625%
2008-2012	2.500%
2013	2.000%
2014-2016	2.500%

Since the SRF’s inception, 30-year tax exempt fixed interest rates have ranged from approximately 5 to 8 percent. The relative stability of the SRF has allowed communities to more adequately plan without factoring in major market rate adjustments.

The interest rate for SRF and SWQIF municipal borrowers in FY 2017 (2.5 percent for 20-year loans and 2.75 percent for 30-year loans) was announced at the public hearing. The interest rate decisions are based on loan demand, market conditions, program costs, and future project needs.

Apart from the low interest rate, municipalities also benefit from the SRF and SWQIF in that they can finance all eligible water pollution control costs. Municipalities often do not have to seek other sources or enter the market to obtain local share financing. Everything is handled by this “one-stop shopping” concept. The amount of time it takes to commence construction is greatly reduced. This streamlined financing approach has resulted in lower bid costs because of the tighter timeframe. A streamlined approach has removed the unexpected elements that occurred when communities would obtain a grant and then have to secure financing for the local share.

The SRF can also be used to fund qualified NPS projects. The DEQ Director annually allocates funds between traditional point source projects and the NPS projects. At least 2 percent of available SRF lending capacity must be allocated to NPS projects that are consistent with Section 319 of the Federal Clean Water Act. The DEQ Director, for FY 2017, proposes to allocate the required 2 percent of lending capacity to NPS projects, enough to fund all NPS projects seeking loan assistance during the year. There are two NPS projects, totaling \$1,915,000, seeking SRF assistance in FY 2017.

V. PROJECT PRIORITY

The NREPA requires the SRF and SWQIF to offer assistance in priority order from the state’s annual PPLs. The criteria used to prioritize the projects are contained in the NREPA, with details set forth in SRF Administrative Rules (R323.951 to R323.965). There is no actual or implied guarantee that inclusion on the PPL or the IUP will constitute a commitment of financial assistance from the SRF or SWQIF. All program requirements must be satisfied before a binding commitment will be offered and a loan closed.

This final FY 2017 IUP, as well as the PPLs for the SRF and the SWQIF, include projects seeking Orders of Approval (the state's binding commitment) between October 1, 2016, and September 30, 2017. Letters will be sent in October to those communities on the PPL, to notify applicants of fundable and contingency projects. Communities with projects in the fundable range must negotiate a milestone schedule with the RLS project manager assigned to their project. Historically, many projects in the contingency range of the PPL have been funded when others in the fundable range fail to satisfactorily meet program requirements in a timely manner. Therefore, it is imperative that municipal officials work closely with the DEQ and the Authority to ensure that no opportunity for funding is lost.

VI. **GOALS**

Michigan's SRF and SWQIF are funding sources used to protect and preserve the water resources within the state's boundaries. As more attention is given to water pollution abatement efforts within specific watersheds, the DEQ will continue to work toward establishing tighter integration of the federal/state/local partnership. This includes efforts to satisfy EPA that the pace of Michigan's SRF is satisfactory.

The long-term goals for Michigan's SRF and SWQIF are:

Goal: *To provide low-cost financing for wastewater system improvements or upgrades while maintaining the perpetuity of the SRF and SWQIF.*

The MFA uses a financial advisor to guide decisions on funding levels, interest rates, and other financing terms. Michigan looks to balance the goals of meeting the capitalization grant requirements (i.e., additional subsidies, green projects, Davis Bacon), while maintaining the SRF and SWQIF programs in perpetuity.

Goal: *To achieve and maintain statewide compliance with all applicable state and federal laws, rules, and standards while protecting the public health and environmental quality of our state.*

Protection of the state's waters will ultimately benefit everyone. Industry, tourism, the economy, and quality of life are strengthened when our water resources are preserved for our use and enjoyment. This includes improvement of existing surface waters that suffer impairment, protection of groundwater from improperly treated discharges, reduction of harmful discharges from sanitary and combined sewer overflows, and the protection of aquatic ecosystems that cannot thrive in conditions of degraded water quality. The DEQ will also integrate principles of watershed management and water quality restoration within urban areas, as well as out-state areas

Goal: *To continue effective partnerships with other federal and state financing sources to promote efficiency in environmental review procedures and coordination of funding.*

Given the limitations on pooled capital, the DEQ continues to work together with various federal and state agencies, such as the U.S. Department of Agriculture - Rural Development, Rural Community Assistance Program and the Michigan Department of Licensing and Regulatory Affairs, so that we may collectively fund qualifying projects and maximize use of our capital pool to achieve stated goals. Such partnerships ultimately benefit everyone, especially small population/low-income communities.

Goal: *Increase awareness and use of the SRF and SWQIF programs to complete projects.*

The DEQ will continue to use effective outreach methods such as: direct mail, electronic media, newsletter publication, and informational meetings to publicize and encourage use of the financial assistance.

In order to accomplish the long-term goals, we must also focus on more immediate objectives. Therefore, our short-term goals for FY 2017 are:

Goal: *Secure Michigan's full share of federal funding and to expeditiously obligate these monies, along with the state contribution.*

The DEQ has prepared and identified on the FY 2017 final PPL all projects that are willing and able to progress to loan closing consistent with a project milestone schedule for the construction of eligible facilities. All projects receiving SRF funds in FY 2017 will issue a Notice to Proceed within 60 days of the loan closing.

Goal: *Ensure that the additional requirements of the 2015 and 2016 capitalization grants are met, including those that are imposed on local borrowers.*

Congress has directed that 10 percent of the 2016 capitalization grant be allocated to Green Project Reserve (GPR). The DEQ solicited green infrastructure, water/energy efficient and environmentally innovative projects for the FY 2017 PPL. The DEQ required and approved business cases for projects that are not determined as a categorically Green Project as described in the EPA's FY 2011 SRF Procedures. Business cases will be posted on the DEQ Web site once the projects are funded.

Congress mandated that up to 30 percent of the 2015 capitalization grant (10 percent was allocated) and 10 percent of the 2016 capitalization grant be provided as additional subsidy to borrowers. The DEQ plans to provide the additional subsidy as principal forgiveness to projects with green components or meet the SRF Affordability Criteria (available on the MDEQ Web site). Congress also requires all SRF projects funded in FY 2017 pay their workers the federal Davis Bacon wage rates for their job classification.

Goal: *Review and update, as applicable, the Operating Agreement by December 31, 2016.*

The SRF program has acquired additional requirements since ARRA; however, the Operating Agreement has not been updated to reflect the new requirements. This goal was not completed in 2014 as expected due to the addition of requirements in the Clean Water Act (i.e., Water Resources Reform and Development Act of 2014). The goal for the completion of the updates is December 31, 2016.

Goal: *Implement the Water Resources Reform and Development Act (WRRDA) in a timely manner.*

The DEQ has worked to develop guidance for communities and their consultants on how WRRDA will be implemented in Michigan. The following guidance was prepared:

1. All loans made after October 1, 2015, must follow the qualifications based selection process when procuring architectural and engineering services.
2. Loans will continue to be made for 20 years assuming the projected useful life of the project is 20 years or greater. Loan terms can now be extended to 30 years if a community is determined to be disadvantaged and the projected useful life of the project is 30 years or greater. This is effective for all projects funded after October 1, 2015.
3. A community must develop and implement a fiscal sustainability plan for the critical assets of the treatment works, including a certification that the community has evaluated and implemented water and energy conservation efforts as part of the fiscal sustainability plan. This is effective for all project plans submitted after October 1, 2014.
4. Affordability criteria were developed and are available on the SRF Web page. This is effective for all projects funded after September 30, 2015.

5. All projects noted on the PPL that intend to proceed with a loan in FY 2017 are identified as equivalency projects for EPA reporting purposes.
6. All communities, absent a waiver, are required to use iron and steel products that are produced in the United States for construction, alterations, maintenance, and repair of treatment works projects on the FY 2017 PPL.

VII. ALLOCATION OF FUNDS FOR SRF

The establishment of a fundable range for any given fiscal year entails a series of steps that culminate in a determination of how much fund resources can support. Using a series of interest rate assumptions (SRF loan rate, return on investment rates, and revenue bond rate) the process for FY 2017 is outlined below:

1. The DEQ reviewed the total amount of loans committed through September 30, 2016, and other amounts that affect the SRF.

Total loan commitments through 9/30/2016	\$4,660,960,000
Total revenue bonds issued to date	\$3,671,099,100

2. To establish an estimate of fund capabilities, the DEQ assumed that the capitalization grant would remain constant (for planning purposes only). The current 2016 SRF appropriation for Michigan is \$57.4 million. A state match contribution from the general fund will not be available, necessitating the generation of state match needs from within the fund (i.e., state match revenue bond).
3. The DEQ then looked at how much the SRF could support using a five-year forecast at varying capitalization levels and interest rates. The capacity analysis assumes no Proposal 2 capitalization funds.

The DEQ's fundable range is \$191 million. The total amount of projects seeking SRF loans in FY 2017 is \$191 million (amount taken from the SRF draft PPL). The total amount includes \$1,915,000 in NPS projects seeking assistance.

The provision of additional subsidy is a requirement of the 2016 capitalization grant. The additional subsidy will be in the form of principal forgiveness and will not exceed \$5,125,000 (includes \$2,680,677 remaining from the 2015 capitalization grant and \$2,444,323 from the 2016 capitalization grant) in FY 2017. Principal forgiveness will be provided to projects with green components or that meet the SRF Affordability Criteria. When principal forgiveness is provided from available loan proceeds to projects, it greatly reduces the amount of the assets returning to the SRF as loan repayments, which could be used to make future loans.

Principal forgiveness will be made available for projects with green components expected to close on a loan in FY 2017. The principal forgiveness amount will be provided as follows:

- If the GPR amount exceeds \$30M, then principal forgiveness will be \$2.5M.
- If the GPR amount is \geq \$10M and \leq \$30M, then principal forgiveness will be \$1.5M.
- If the GPR amount is \geq \$4M and \leq \$10M, then principal forgiveness will be \$300,000.
- If the GPR amount is \geq \$500,000 and \leq \$4M, then principal forgiveness will be \$100,000.
- If the GPR amount is less than \$500,000, then principal forgiveness will be \$50,000.

Principal forgiveness will also be provided to communities that qualify as disadvantaged. If a community has a green project and qualifies as disadvantaged, the community can only receive principal forgiveness under one element (green or disadvantaged). No community will receive principal forgiveness as green **and** disadvantaged. Communities determined to be disadvantaged with green projects will be awarded the higher of the two qualifying category amounts.

If the PPL amount < \$3 million, then principal forgiveness will be \$175,000.
If the PPL amount > \$3 million, then principal forgiveness will be \$500,000.

The DEQ reserves the right to limit projects to the PPL binding commitment amount. If final projects costs are less than PPL amounts, principal forgiveness may be reduced.

VIII. SRF PROGRAM ASSETS

The following chart provides the SRF program assets prior to the start of FY 2017. Funds drawn from leveraged bond issues will be used to pay program expenses and make loans to communities.

Capitalization grant amount	\$57,450,000
State match amount (state match revenue bond)	\$11,490,000
Interest earnings on investments	\$21,747,341
Principal received from loan repayments	\$158,233,137
Interest received from loan repayments	\$44,939,583

IX. ALLOCATION OF FUNDS FOR SWQIF

As additional projects apply for SWQIF loans, the SWQIF can be established as a leveraged program. Using a series of interest rate assumptions (project demand, loan rate, return on investment rates, and revenue bond rate), the establishment of a fundable range can be completed. There are no projects requesting SWQIF funding in FY 2017.

X. ASSURANCES

The final guidelines from the EPA set forth provisions that the state must provide certain assurances in order to qualify for capitalization grant funding. Such assurances are incorporated into the Operating Agreement and are included here by reference. All funded projects in FY 2017 will comply with the federal crosscutters and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

XI. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The state of Michigan will provide financial assistance from the SRF to municipalities in the relative order that they appear on the PPLs developed for the fiscal year covered by this IUP. It is probable, however, that lower-ranked communities will receive money sooner if higher-ranked communities are not ready to proceed.

The FY 2017 SRF and NPS PPLs are included as part of the IUP and were presented as part of the public hearing. As a result of the DEQ's review, 19 SRF projects totaling \$190,940,000 have expressed their intent to proceed in FY 2017 and are included on the final FY 2017 SRF PPL. Staff also identified 30 projects and/or segments equaling \$126,420,000 that will be considered for funding in the future. There are two projects on the final FY 2017 NPS PPL, totaling \$1,915,000.

Thus, 49 different projects totaling \$317,360,000 are identified on the final SRF PPLs, along with a brief description, their total priority points, population to be served, targeted binding commitment date, and targeted binding commitment amount. The attached Key to Project Priority List Headings identifies the project priority categories in which each project received points on the SRF and SWQIF PPLs. The Scoring Detail is included for the NPS PPL. The final FY 2017 PPLs for the SRF and the SWQIF are included as part of the IUP process, and were presented as part of the public hearing notification package. Additional copies of the PPLs are available from the RLS.

Section 5309 of the NREPA permits the DEQ to limit funding in certain circumstances to maximize funds and achieve greater environmental gains. It reads:

To ensure that a disproportionate share of available funds for a given fiscal year is not committed to a single sewage treatment work project or storm water project, the department may segment a sewage treatment works project if either of the following criteria is present:

(a) The cost of the proposed project is more than 30 percent of the available funds.

(b) Upon application of a municipality, the department has approved a municipality's application for segmenting a project.

The DEQ will implement these provisions as shown on the final SRF PPL.

Financial assistance to municipalities during FY 2017 will consist solely of loans. There will be no guarantees of indebtedness. Cash draw disbursements from any open capitalization grant will be at 83.33 percent (federal) and 16.67 percent (state). Program administration costs will be covered by the capitalization grant up to 4 percent.

XII. DISADVANTAGED COMMUNITY STATUS

Disadvantaged community status is determined by the DEQ based on information submitted with a project plan. To qualify, an applicant must first meet the definition of "municipality" found in Part 53 of Act 451. Next, the updated median annual household income (MAHI) of the area to be served must be less than 120 percent of the state's updated MAHI. Finally, the costs of the project must be borne by the customers in the service area. If costs are spread over a larger area, then that area must demonstrate that it meets the poverty or affordability criteria.

Once these conditions are met, a community will be awarded the disadvantaged community status if one of the following is true:

- More than 50 percent of the area to be served by the proposed project is identified as a poverty area by the U.S. Census Bureau.
- The updated MAHI of the area to be served is less than the most recently published federal poverty guidelines for a family of four in the contiguous United States.
- The updated MAHI is less than the updated statewide MAHI and the annual user costs for water supply exceed 1 percent of the service area's MAHI.
- The updated MAHI is more than the updated statewide MAHI and the annual user costs for water supply exceed 3 percent of the service area's MAHI.

The major benefits for qualified communities are an additional 50 priority points and extended loan terms to 30 years (dependent on the projected useful life of the facility/component funded). There are four projects, Hamtramck, Kinross, Otsego, and Pontiac, on the FY 2017 final PPL that qualify for disadvantaged community status. A complete discussion of the disadvantaged community status may be found in a guidance document prepared by the DEQ to more fully explain how a supplier can achieve the status and benefit from it. RLS staff encourages all applicants to supply the pertinent data to allow the DEQ to perform a disadvantaged community status analysis.

XIII. PUBLIC REVIEW AND COMMENT

In order to satisfy public participation requirements, the DEQ held a public hearing on the SRF and SWQIF IUP and PPLs (including the NPS PPL) on September 21, 2016. The hearing was announced in newspapers throughout the state, published in the DEQ Calendar of Events, individually noticed to each municipality and its consultant engineer on the proposed draft FY 2017 PPLs, and sent to interested parties.

Items addressed at the public hearing included Michigan's draft PPLs for the SRF/SWQIF, the draft IUP, priority point assignments, planned funding schedules, proposed affordability criteria, and proposed binding commitment amounts for projects that might be assisted with SRF/SWQIF moneys during FY 2017. The hearing provides an opportunity for municipalities and other interested parties to comment and to request changes to their project's ranking criteria. Comments regarding projects on the PPL were received and responded to accordingly. A significant comment was received about the allocation of disproportionate principal forgiveness for projects on the draft IUP. After DEQ review, the principal forgiveness allocations were revised.

Questions about the public hearing, the final PPLs, or this IUP may be directed to:

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XIV. ORIGINATION OF DOCUMENTS

The ODWMA is responsible for issuing the SRF final IUP and its accompanying information.

**Michigan Department of Environmental Quality
State Revolving Fund Current Projects
Fiscal Year 2017 FINAL Project Priority List by Rank**

Project No.	Loanee	Location	Description	Water Quality Severity Pts						Fail OSSS	Sptg Rec	Disad Comm	Enf Pts	Population	Pop Pts	Exist Disch	Rec Water	Dil Ratio	Rat Pts	Tot Pts	Bind Com Date	Bind Com Amt
				DO	NUT	TOX	MICR	GWD	Tot													
PROJECTS WITH PRIOR YEAR SEGMENTS																						
5611-02	Kinross Twp	Chippewa Co	Combined heat & power imp	0	0	0	0	0	0	0	0	50	0	7,276	80	0.6	0.7	>.6000	100	230	6/1/2017	\$4,885,000
5610-02	Hillsdale	Hillsdale Co	WWTP upgrades	0	0	0	0	0	0	0	0	0	13,722	85	1.3	0	>.6000	100	185	11/18/2016	\$1,515,000	
5545-02	East Lansing	Ingham Co	Influent Swr Relief Ph 2	0	0	0	0	0	0	0	0	0	88,267	95	7.5	39	0.192	85	180	6/1/2017	\$30,230,000	
PROJECTS WITHOUT PRIOR YEAR SEGMENTS																						
5642-01	Pontiac WWTF DD	Pontiac	Biosolids treatment, dewater	23	0	0	0	0	23	0	100	50	300	61,055	95	27	7.5	>.6000	100	668	3/14/2017	\$33,055,000
5651-01	GLWA	Wayne Co	RRO Disinfection at WWTP	0	0	0	27	0	27	0	0	0	300	3,150,989	100	83	62	>.6000	100	527	6/1/2017	\$37,490,000
5647-01	St Joseph	Berrien Co	CSO Improv	0	0	0	27	0	27	0	0	0	300	8,625	80	0.5	2140	3E-04	40	447	3/14/2017	\$585,000
5648-01	Dundee	Monroe Co	Replace & improve MBR, sc	0	0	0	27	0	27	0	0	0	300	4,121	75	0	110	<.0002	25	427	3/14/2017	\$5,450,000
5630-01	DeWitt Charter Twp	Clinton Co	Lift station improv	1	0	0	27	0	28	0	0	0	15,200	85	0.3	0.1	>.6000	100	213	3/14/2017	\$2,000,000	
5616-01	Bath Twp	Clinton Co	Sanitary Sewer Improv	0	0	0	27	0	27	0	0	0	6,980	80	0.2	0.1	>.6000	100	207	6/1/2017	\$2,290,000	
5643-01	Hudson	Lenawee Co	Rehab collection system & r	0	0	50	0	0	50	0	0	0	2,483	65	0.5	3.6	0.13	85	200	6/1/2017	\$5,000,000	
5646-01	Pinckney Village	Livingston Co	WW screen bldg, PS upgrad	0	0	0	0	0	0	0	0	0	2,274	65	0.3	0	>.6000	100	165	6/1/2017	\$2,500,000	
5638-01	Otsego	Allegan Co	WWTP Rehab & I/I removal	0	0	0	0	0	0	0	0	50	3,934	70	0.3	360	9E-04	40	160	6/1/2017	\$2,185,000	
5645-01	Armada Village	Macomb Co	Sewer & manhole rehab, Cd	0	0	0	0	0	0	0	0	0	1,730	55	0.6	0.1	>.6000	100	155	8/23/2017	\$2,175,000	
5568-01	Macomb Co WWDD	Macomb Co	Chemical Addition	0	0	0	0	0	0	0	0	0	840,978	100	43	1E+05	3E-04	40	140	11/18/2016	\$3,535,000	
5424-01	Wayne Co	Downriver WWTF	Biosolids Drying & Beneficia	0	0	0	0	0	0	0	0	0	270,051	100	53	38700	0.001	40	140	8/23/2017	\$47,355,000	
5644-01	Rochester	Oakland Co	Rehab of sewer system, SC	0	0	0	0	0	0	0	0	0	13,455	85	1.7	1E+05	<.0002	25	110	8/23/2017	\$5,935,000	
5586-01	Lawrence	Van Buren Co	PS; lagoon improv	0	0	0	0	0	0	0	0	0	1,000	50	0.8	130	0.006	55	105	8/23/2017	\$2,840,000	
17	Total # of projects																					\$189,025,000

**Michigan Department of Environmental Quality
State Revolving Fund Future Projects
Fiscal Year 2017 FINAL Project Priority List by Rank**

Project No.	Loanee	Location	Description	Water Quality Severity Pts						Fail OSSS	Sptg Rec	Disad Comm	Enf Pts	Population	Pop Pts	Exist Disch	Rec Water	Dil Ratio	Rat Pts	Tot Pts	Bind Com Date	Bind Com Amt
				DO	NUT	TOX	MICR	GWD	Tot													
PROJECTS WITH PRIOR YEAR SEGMENTS																						
5642-02	Pontiac WWTF DD	Pontiac	WWTP Auburn & East Facil	23	0	0	0	0	23	0	0	50	300	61,055	95	27	7.5	>.6000	100	568	Future	\$22,825,000
5642-03	Pontiac WWTF DD	Pontiac	WWTP Auburn & East Facil	23	0	0	0	0	23	0	0	50	300	61,055	95	27	7.5	>.6000	100	568	Future	\$3,160,000
5642-04	Pontiac WWTF DD	Pontiac	Auburn & E Blvd Blower Bld	23	0	0	0	0	23	0	0	50	300	61,055	95	27	7.5	>.6000	100	568	Future	\$7,175,000
5615-02	Hamtramck	Wayne Co	Segment 2 Relief Sewer Ins	0	0	0	0	0	0	0	0	50	0	23,216	90	2.7	130000	<.0002	25	165	Future	\$7,510,000
PROJECTS WITHOUT PRIOR YEAR SEGMENTS																						
5005-23	Lansing	Ingham Co	Subarea 034C CSO Separat	7	100	0	37	0	144	0	0	0	300	62,301	95	1.3	48	0.026	70	609	Future	\$10,250,000
5647-02	St Joseph	Berrien Co	CSO improv	0	0	0	27	0	27	0	0	0	300	8,625	80	0.7	2440	3E-04	40	447	Future	\$7,240,000
5649-01	Dundee	Monroe Co	E. Main Street replace sewe	0	0	0	0	0	0	0	0	0	300	4,121	75	0.8	38	0.022	70	445	Future	\$360,000
5650-01	Gun Lake Area SWA	Allegan/Barry Counties	WWTP Improv	0	0	0	0	0	0	0	0	0	0	6,191	80	0.4	0.1	>.6000	100	180	Future	\$3,010,000
5641-01	Milford	Oakland Co	Filtration Upgrades and Upg	0	0	0	0	0	0	0	0	0	0	6,175	80	0.6	22	0.027	70	150	Future	\$2,635,000
5640-01	Milford	Oakland Co	Pump Station Upgrades	0	0	0	0	0	0	0	0	0	0	6,175	80	0.6	22	0.027	70	150	Future	\$200,000
5602-99	South Haven	Van Buren Co	CS & WWTP Improv	0	0	0	27	0	27	0	0	0	0	7,064	80	0.1	120	1E-03	40	147	Future	\$13,300,000
5421-01	Wayne Co	Downriver WWTF	Interceptor System Improv	0	0	0	0	0	0	0	0	0	0	270,051	100	53	38700	0.001	40	140	Future	\$5,000,000
5632-01	East Lansing	Ingham Co	WW System Improv (future)	0	0	0	0	0	0	0	0	0	0	88,267	95	0	0	0	25	120	Future	\$17,480,000
13	Total # of projects																					\$100,145,000

**Michigan Department of Environmental Quality
Non Point Source Current Projects
Fiscal Year 2017 FINAL Project Priority List by Rank**

Project No.	Loanee	Location	Description	Water Quality Points				Total Water Quality Points	Enf Pts	High Qual	Ongoing Int	Use Value	Local Part	Total Pts	Bind Comm Date	Bind Comm Amount
				Microorgan	Phosphorus	Nitrogen	TSS									
5504-06	Huron River Green Infrast DD	Ann Arbor	NPS Tree Plantings continued	50	50	0	50	150		0	0	0	200	350	8/23/2017	\$415,000
5509-01	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd (Hutchins to Kipke)	0	50	0	0	50		0	100	200	0	350	11/18/2016	\$1,500,000
2 Total # of projects																\$1,915,000

**Michigan Department of Environmental Quality
Non Point Source Future Projects
Fiscal Year 2017 FINAL Project Priority List by Rank**

Project No.	Loanee	Location	Description	Water Quality Points				Total Water Quality Points	Ent P/S	High Qual	Ongoing Int	Use Value	Local Part	Total P/S	Bind Comm Date	Bind Comm Amount
				Microorgan	Phosphorus	Nitrogen	TSS									
5479-02	Malletts Creek Drain DD	Ann Arbor	NPS-Research Park Detention SBS	80	80	80	80	320	0	0	100	200	0	620	Future	\$920,000
5598-01	Huron River Green Infrastructure DD	Washtenaw Co	NPS-Huron Hills Golf Course SBS	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,220,000
5506-02	Malletts Creek Drain DD	Ann Arbor	NPS-South 7th St (Greenview to Scio Church)	80	80	80	80	320	0	0	100	200	0	620	Future	\$840,000
5506-03	Malletts Creek Drain DD	Ann Arbor	NPS-Lawton Park Detention Basin	80	80	80	80	320	0	0	100	200	0	620	Future	\$4,125,000
5506-04	Malletts Creek Drain DD	Ann Arbor	NPS-Churchill Downs Park	80	80	80	80	320	0	0	100	200	0	620	Future	\$2,100,000
5353-02	Huron River Green Infrastructure DD	Ann Arbor	NPS-Detroit St (Catherine to Division)	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,090,000
5592-01	Allen Creek DD	Ann Arbor	NPS-Main St Stormwater BMPs	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,760,000
5596-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-State St (Eisenhower Pkwy to I-94-S)	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,060,000
5479-01	Malletts Creek Drain DD	Ann Arbor	NPS-Malletts Crk Dr Dist SS	80	80	0	80	240	0	0	100	200	0	540	Future	\$2,770,000
5625-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-BMPs Stone School- Packard to I94	80	80		80	240	0	0	100	200	0	540	Future	\$1,420,000
5597-01	Malletts Creek Drain DD	Ann Arbor	NPS-Scio Church Rd (Main to 7th St)	80	80	0	80	240	0	0	100	200	0	540	Future	\$2,000,000
5626-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Millers Creek Pepper Pike bank stabiliz	80	80		80	240	0	0	100	200	0	540	Future	\$1,500,000
5551-01	Fenton	Genesee Co	NPS-Cemetery Stormwater BMPs	1	0	0	0	1	0	0	0	200	200	401	Future	\$190,000
5553-01	Fenton	Genesee Co	NPS-Mill Pond SS	1	0	0	0	1	0	0	0	200	200	401	Future	\$1,340,000
5554-01	Fenton	Genesee Co	NPS-Bush Park SS	1	0	0	0	1	0	0	0	200	200	401	Future	\$1,490,000
5509-02	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd BMPs	0	50	0	0	50	0	0	100	200	0	350	Future	\$1,800,000
5480-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Millers Crk SBS	80	80	0	80	240	0	0	100	0	0	340	Future	\$650,000
17 Total # of projects																\$26,275,000

**Michigan Department of Environmental Quality
State Revolving Fund Green Projects
for Fiscal Year 2017 in FINAL Project Priority List Order**

Type of GPR

Project No.	Loanee	Location	Description	Green Project Amount	Estimated Principal Forgiveness Amount	Bind Com Amt	Categorical	Business Case
5611-02	Kinross Twp	Chippewa Co	Combined heat & power improvements	\$4,449,000	\$300,000*	\$4,885,000	X	
5610-02	Hillsdale	Hillsdale Co	WWTP upgrades	\$870,000	\$100,000	\$1,515,000		X
5545-02	East Lansing	Ingham Co	Influent Swr Relief Ph 2	\$18,761,000	\$1,500,000	\$30,230,000	X	
5642-01	Pontiac WWTF DD*	Pontiac	Biosolids treatment, dewatering, storage, septage receiving	\$30,170,000	\$2,500,000	\$33,055,000		X
5648-01	Dundee	Monroe Co	Replace & improve MBR, screening & extend relief sewer	\$455,000	\$50,000	\$5,450,000		X
5643-01	Hudson	Lenawee Co	Rehab collection system and new headworks	\$982,000	\$100,000	\$5,000,000		X
5646-01	Pinckney Village	Livingston Co	WW screen bldg, PS upgrade, PS abandon, new force main	\$947,342	\$100,000	\$2,500,000	X	
5504-06	Huron River Green Infrast DD	Ann Arbor	NPS Tree Plantings continued	\$415,000	\$50,000	\$415,000	X	
5509-01	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd (Hutchins to Kipke)	\$280,000	\$50,000	\$1,500,000	X	
9 Projects				\$ 57,329,342	\$ 4,450,000	\$ 84,550,000		

5642-03	Pontiac WWTF DD	Pontiac	WWTP Auburn & East Facilities	\$3,160,000		\$3,160,000		X
5642-04	Pontiac WWTF DD	Pontiac	Auburn & E Blvd Blower Bldgs and Misc Improvements	\$7,175,000		\$7,175,000		X
5598-01	Huron River Green Infrastructure DD	Washtenaw Co	NPS-Huron Hills Golf Course SBS	\$1,220,000		\$1,220,000	X	
5596-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-State Street (Eisenhower Pkwy to I-94-S)	\$1,060,000		\$1,060,000	X	
5592-01	Allen Creek DD	Ann Arbor	NPS-Main St Stormwater BMPs	\$1,760,000		\$1,760,000	X	
5506-02	Malletts Creek Drain DD	Ann Arbor	NPS-South 7th St (Greenview to Scio Church)	\$225,000		\$840,000	X	
5506-03	Malletts Creek Drain DD	Ann Arbor	NPS-Lawton Park Detention Basin	\$100,000		\$4,125,000	X	
5506-04	Malletts Creek Drain DD	Ann Arbor	NPS-Churchill Downs Park	\$1,386,000		\$2,100,000	X	
5479-02	Malletts Creek Drain DD	Ann Arbor	NPS-Research Park Detention SBS	\$920,000		\$920,000	X	
5353-02	Huron River Green Infrastructure DD	Ann Arbor	NPS-Detroit St (Catherine to Division)	\$1,090,000		\$1,090,000	X	
5626-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Millers Creek Pepper Pike bank stabilization	\$700,000		\$1,500,000	X	
5625-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-BMPs Stone School- Packard to I94	\$91,000		\$1,420,000	X	
5597-01	Malletts Creek Drain DD	Ann Arbor	NPS-Scio Church Rd (Main to 7th St)	\$650,000		\$2,000,000	X	
5479-01	Malletts Creek Drain DD	Ann Arbor	NPS-Malletts Crk Dr Dist SS	\$1,120,000		\$2,770,000	X	
5553-01	Fenton	Genesee Co	NPS-Mill Pond SS	\$1,340,000		\$1,340,000	X	
5554-01	Fenton	Genesee Co	NPS-Bush Park SS	\$1,490,000		\$1,490,000	X	
5551-01	Fenton	Genesee Co	NPS-Cemetery Stormwater BMPs	\$74,400		\$190,000	X	
5509-02	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd BMPs	\$300,000		\$1,800,000	X	
5480-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Millers Crk SBS	\$650,000		\$650,000	X	
				\$24,511,400		\$36,610,000		

*If a community has a green project and qualifies as disadvantaged, the community can only receive principal forgiveness under one element (green or disadvantaged). A community determined as disadvantaged with green project components will be awarded the HIGHER principal forgiveness of the two qualifying category amounts.

Principal Forgiveness Allocation:

- If the GPR amount is less than \$500,000, then the principal forgiveness amount is \$50,000.
- If the GPR amount is greater than \$500,000 AND less than \$4M, then the principal forgiveness amount is \$100,000.
- If the GPR amount is greater than \$4M AND less than \$10M, then the principal forgiveness amount is \$300,000.
- If the GPR amount is greater than \$10M AND less than \$30M, then the principal forgiveness amount is \$1.5M.
- If the GPR amount is greater than \$30M, then the principal forgiveness amount is \$2.5M.

Disadvantaged Projects	\$675,000
GPR Projects	\$4,450,000
Total amount available as principal forgiveness:	\$5,125,000

**Michigan Department of Environmental Quality
State Revolving Fund Disadvantaged Projects
for Fiscal Year 2017 in FINAL Project Priority List Order**

Project No.	Loanee	Location	Description	Estimated Principal Forgiveness Amount	Bind Com Amt
5611-02	Kinross Twp*	Chippewa Co	Combined heat & power improvements	\$500,000	\$4,885,000
5642-01	Pontiac WWTF DD	Pontiac	Biosolids treatment, dewatering, storage, septage receiving	\$500,000*	\$33,055,000
5638-01	Otsego	Allegan Co	WWTP Rehab & I/I removal	\$175,000	\$2,185,000

3 Projects

\$ 675,000 \$ 40,125,000

Disadvantaged communities will receive principal forgiveness based on the following:

- if the PPL amount is less than \$3 million, then the principal forgiveness amount is \$175,000
- if the PPL amount is greater than \$3 million, then the principal forgiveness amount is \$500,000

*If a community has a green project and qualifies as disadvantaged, the community can only receive principal forgiveness under one element (green or disadvantaged). A community determined as disadvantaged with green project components will be awarded the HIGHER principal forgiveness of the two qualifying category amounts.

Michigan Department of Environmental Quality,

Office of Drinking Water and Municipal Assistance, Revolving Loan Section

State Revolving Fund (SRF) Strategic Water Quality Initiatives Fund (SWQIF) Priority List Ranking For SRF/SWQIF Projects

AS REQUIRED BY PUBLIC LAW 92-500 (SRF), AS AMENDED, AND PARTS 52 (SWQIF) and 53 (SRF), ACT NO. 451 OF PA OF 1994

KEY TO PROJECT PRIORITY LIST HEADINGS

HEADING	DEFINITION
Rank	Order of eligibility for State Revolving Fund (SRF)/Strategic Water Quality Initiatives (SWQIF) loan funding in accordance with total points assigned.
Project Number	The identification number assigned to a project.
Project Name and Description	Name and location of applicant municipality. May include an additional identification when the applicant is a county or when more than one project is within the applicant area. The description identifies the basic type of project.
Water Quality Severity Pts	Points based on the pollutant load or the receiving water impairment that the proposed project will abate. The project is assessed in five categories (0-100 points each): 1. DO = Dissolved Oxygen 2. NUT = Nutrients 3. TOX = Toxic Materials 4. MICR = Microorganisms 5. GWD = Groundwater Discharge Tot = Total Water Quality Severity Points
Fin OSSS	On Site Septic Systems: Points (100) are assigned for projects addressing on site system failures where conditions prevent replacement, necessitating off site remedy. (SRF Only)
Sptg Rec	Septage Receiving: Points (100) are assigned if the project includes the construction of septage receiving facilities. (SRF Only)
Disad Comm	Disadvantaged Community: Points (50) are assigned to any municipality wastewater facility qualifying as a disadvantaged community.
Enf Pts	Enforcement points (300) are assigned if the project is necessary to comply with a construction schedule established by an order, permit, or other document issued by the director or entered as part of an action brought by the state against a municipality.
Pop Pts	Population points (30-100) are based upon the total existing residential population to be served by the project submitted. (SRF Only)
Exist. Disch	Existing flow discharged (mgd)
Rec Waters	Expected low flow of receiving of the receiving waters during the period of discharge.
Dil Ratio/Rat Pts	The dilution ratio points (25-100) are based upon a ratio derived from the existing flow discharged (Exist. Disch), divided by the expected flow of the receiving waters (Rec Waters) during the period of discharge.
Tot Pts	The sum of the above comprises the total points assigned to each project for determining rank.
Bind. Com Date	The date projected by DEQ, based on the applicant's intentions, that it will issue a binding commitment for an SRF/SWQIF loan.
Bind. Com Amount	The estimated dollar amount of the SRF/SWQIF loan.
PROJECTS WITH PRIOR YEAR SEGMENTS	As specified by law and rule, after funding assistance for the first segment of a project is accepted, remaining segments retain first priority for funding assistance on the next three fiscal year Project Priority Lists. Project segments are ranked in order of total points.
PROJECTS WITHOUT PRIOR YEAR SEGMENTS	No segments of the listed project have been funded in the prior three fiscal years. Projects are ranked in order of total points.

Note: These criteria are specified in the Department of Environmental Quality's State Administrative Rules 323.958 (Rule 8) and 323.961 (Rule 11) and Parts 52 & 53 of Act No. 451 of PA of 1994.