

# Strategic Water Quality Initiatives Fund (SWQIF) Loan Program

## Frequently Asked Questions

### **Question 1: What types of projects qualify for SWQIF loan funding?**

**Answer:** The SWQIF loan program can be used to fund footing drain disconnection (FDD) projects on private property to remove clear water from house sanitary leads and redirect those flows out of the public sewer to protect public health and the environment. Any associated FDD work on publicly-owned facilities may be eligible for the State Revolving Fund (SRF) loan program.

### **Question 2: What about on-site system replacement?**

**Answer:** While on-site system replacement projects were included in the legislation that created the SWQIF, to date no bonding mechanism exists in Michigan for a municipality to incur public debt for such projects.

### **Question 3: Who can apply for a SWQIF loan?**

**Answer:** Only a municipality can apply for a SWQIF loan. The term “municipality” means a city, village, county, township, authority, or other public body, including an intermunicipal agency of two or more municipalities, authorized or created under state law; or an Indian tribe that has jurisdiction over construction and operation of sewage treatment works.

### **Question 4: How and when can we apply for a SWQIF loan?**

**Answer:** For any given fiscal year, a final project plan must be submitted by July 1. If there is public work involved, this may be a combined SRF and SWQIF plan. Follow the SWQIF and/or SRF guidance for further information. Each community with an approvable project plan gets ranked on the state’s annual project priority list for funding opportunity.

### **Question 5: How is legal authority established to begin a SWQIF program of FDD projects?**

**Answer:** Typically, a municipality must enact a sewer use ordinance that forbids footing drain connections to a public sewer. Public education programs help to garner support for such a law. The community may also face enforcement action from the DEQ mandating an FDD program.

### **Question 6: How is the need for an FDD program documented?**

**Answer:** Clear water removal projects must be justified based upon the following:

- (1) The existence of chronic operational problems related to hydraulic overloading of the collection/treatment system during storm events, such as sewer surcharging, basement backups, combined and sanitary sewer overflows, or bypassing at the treatment plant; and/or
- (2) Cost-effective clear water removal as determined by an infiltration/inflow (I/I) analysis and a sanitary sewer evaluation survey (SSES).

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### Question 7: How is cost-effectiveness demonstrated?

**Answer:** As part of an SSES, a comparison is made between the cost to transport and treat the extraneous clear water flow and the cost to remove the quantified I/I flow (for each documented source). This information is summarized in the project plan using cost tables.

Note: I/I removal based on operation and maintenance savings alone is not eligible for the SWQIF (nor SRF).

### Question 8: What FDD work is eligible for the SWQIF program?

**Answer:** Examples of eligible work include:

- Fees for building permits and inspections
- Installation of sumps and sump pumps
- Relocation of basement furnishings (if necessary)
- Installation of backwater check valves (if none exists or to replace a faulty valve)
- Restoration of basements and yards (to pre-existing conditions)
- Outlet pipe to storm drain or curb drain with tie-in
- Replacement of basement floor drains if needed to prevent backups and accomplish FDD
- Electrical upgrades to accommodate new sump pump

### Question 9: What work is ineligible?

**Answer:** Examples of ineligible work include:

- Provision of sump pumps with backup power
- Provision of radon gas remediation measures
- Installation of improvements such as new toilets, showers, or tubs
- Any home improvements (drains, valves, sewers, electrical, etc.) not required for relief of documented backups and/or to accomplish an FDD
- Payment of private property damage claims
- Reimbursement for pilot studies

### Question 10: What procurement procedures will be accepted in the SWQIF program?

**Answer:** In lieu of traditional competitive bidding, the DEQ will accept a Request for Qualifications (RFQ) method of procurement. Through the RFQ public advertisement, the municipality generates a pre-qualified list of plumbing contractors for homeowners undergoing FDD to select from following an inspection of their home plumbing. Typically, generic contract specifications are included in the advertisement to help potential contractors to determine if they are interested in and capable of performing the work. Documentation of the RFQ procedure and the accompanying list of pre-qualified contractors will be submitted to the DEQ with the SWQIF application. SWQIF projects are **not** subject to the federal requirements of the Water Resources Reform and Development Act of 2014, as it is a state-funded program.

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### Question 11: How is construction cost established for the funding application?

**Answer:** Applicants may choose to place a cap on the per-home cost of their FDD program, which multiplied by the estimated number of homes requiring the work (as determined by the SSES) can form the basis for a total estimated construction cost in the SWQIF loan. Comparative quotes from two or more potential contractors can also be used to establish the cost or, if applicable, information from a completed pilot study.

### Question 12: What permits are needed?

**Answer:** A local building permit at each home in the FDD program is typically all that is needed.

### Question 13: How will change orders or other adjustments be processed?

**Answer:** For each home, the applicant will review any proposed changes with the plumbing contractor to determine if the proposed changes are acceptable under the guidelines and specifications they have established for the FDD program. It is normally not necessary to clear these changes with the DEQ beforehand, although you are encouraged to do so should there be the potential for a significant scope change. The DEQ project manager will review each disbursement request's collection of invoices to determine if any work must be excluded from eligibility before the request can be processed. The project manager will advise the authorized representative of any adjustments. Remember that changes must conform to the project plan and SSES to be eligible.

### Question 14: What backup documentation should accompany each disbursement request?

**Answer:** Provide the following:

- Spreadsheet summary of invoices per contractor with property addresses
- Signed, approved contractor invoices
- Private property sanitary sewer inspection report with plan drawing
- Contractors itemized Final Quote Worksheet with scope of work described and diagrammed
- Property owner "release form" indicating acceptance of the work performed

### Question 15: Is certification of project completion required?

**Answer:** Yes. When the FDD project is at or near final completion, your DEQ project manager will send you a *Certification of Project Completion* form to fill out and submit to initiate project closeout.