



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

SEP 11 2018

REPLY TO THE ATTENTION OF

C. Heidi Grether, Director
Michigan Department of Environmental Quality
525 West Allegan Street
PO Box 30473
Lansing, MI 48909

The Honorable Karen W. Weaver, Mayor
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Dear Director Grether and Mayor Weaver:

I am pleased to amend the March 17, 2017, award of \$100,000,000 in supplemental Drinking Water State Revolving (DWSRF) funds to the Michigan Department of Environmental Quality (MDEQ), as authorized under the Water Infrastructure Improvements for the Nation Act (WIIN) to incorporate additional projects. These federal funds, combined with the \$20,000,000 in required state match, were previously awarded to replace lead service lines and improve water infrastructure in the City of Flint, Michigan (City). We look forward to continuing our joint efforts to improve the City's public water system.

This amended award is based upon the amended supplemental Intended Use Plan (IUP) submitted to EPA by MDEQ on August 13, 2018. The amended IUP is based on the revised project plan submitted to MDEQ by the City. In the revised project plan, the City detailed the projects it intends to fund using WIIN funds.

The following are the projects in the August 13, 2018, amended MDEQ IUP as submitted by the City:

Table with 5 columns: Project Rank, Project No., Description, Estimated Construction Start Date, Commitment Amount. It lists two projects: one funded in May 2017 for \$40,000,000\* and another starting in April 2019 for \$9,163,300.

<b>Amended Supplemental Project Priority List</b>				
2	TBD	Dort & Cedar storage/pumping	April 2019	\$10,125,000
3	TBD	Chemical feed building	March 2019	\$3,400,000
4	TBD	Northwest transmission main	April 2019	\$12,296,900
5	TBD	Water main replacement	August 2018	\$68,905,500***
6	TBD	Water meter replacement	January 2019	\$18,460,000
7	TBD	Water quality monitoring	January 2019	\$612,500
8	TBD	Service line replacement	July 2019	\$10,000,000
Funded	Set-aside	Local Assistance/Capacity Development	Funded March 2017	\$1,500,000
<b>Total</b>				<b>\$120,000,000**</b>

\*\$20,000,000 of the Service Line Replacement project was from State Match money allocated by the Michigan legislature.

\*\*The estimated total of work to be completed is greater than the \$120 million of available WIIN funds.

\*\*\*WIIN funds are insufficient to cover all water main replacement work; approximately \$54M will be from other funding sources

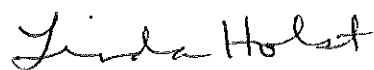
The IUP may be amended at any time but must be submitted to EPA for review. As identified in the IUP, all project categories require additional work between the City and MDEQ before construction can begin. We encourage the City and MDEQ to expedite this process and ensure public participation. As under the traditional DWSRF process, the City is responsible for project planning and implementation. MDEQ has primary oversight responsibility and will review and approve expenses and reimburse the City for eligible activities.

As indicated in our December 7, 2017 letter, we continue to be concerned about the City's pace of construction and requests for reimbursement of funds. Every effort should be made to expedite implementation of the project plan. Under the initial award of WIIN funds, MDEQ and the City entered into a financial assistance agreement to utilize up to \$40M (\$20M in state match and \$20M in WIIN funds) for lead service line replacements. As of today, MDEQ had reimbursed the City \$23,406,510. Efforts should be made by the City to complete this project and submit timely invoices and adequate documentation to MDEQ to be reimbursed for eligible completed work. Also, there is a contract for \$1.5M to complete corrosion control studies and an asset management plan. The asset management plan has been completed and work is continuing on the corrosion control study. As of today, MDEQ had paid \$766,228 of this contract. No other construction projects were started by the City under WIIN. Many of the projects included in the amended IUP have 2019 construction start dates. The City should ensure that the projects remain on schedule or expedite the schedules. Continued delays in project construction severely delays the public health benefits associated with WIIN.

Transparency is of the utmost importance to ensure that the funds are being used effectively and efficiently to address drinking water needs. Quarterly reports to EPA and the general public on project progress are required as outlined in the grant terms and conditions.

If you have any questions about this letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Linda Holst".

Linda Holst  
Acting Director, Water Division

cc via email: Mr. John Barton, Michigan Department of Treasury  
Ms. Amy Epkey, MDEQ  
Ms. Kelly Green, MDEQ  
Ms. Karol Patton, MDEQ