

## **Background**

Approximately 7.6 million Michigan residents (75% of population) rely on nearly 1,400 community water systems. The remainder utilize private wells for their drinking water. Michigan's drinking water systems were built during the turn of the last century and often utilize outdated approaches to treatment.

As a result of decades of deferred maintenance, annual infrastructure needs for water systems statewide are estimated to be hundreds of millions of dollars. Furthermore, a lack of data on the conditions of water systems presents risks to system reliability and public health, and present significant challenges for older communities which have experienced population loss. Municipalities also face difficulties in meeting increased costs of updated environmental regulations, as well as the challenge of inflexible rate structures.

Finally, emerging contaminants, such as PFAS, within our drinking water systems are presenting new risks to public health. Effective technology is needed to remove these and other chemicals from drinking water systems, even as research continues to be conducted to establish the full scope and health impacts of contaminants.

## **Funding Summary**

To lay the groundwork for a long-term solution to these issues, the fiscal year 2019 supplemental recommendation includes an investment of \$120 million general fund to support progress in ensuring safe, clean, affordable drinking water in Michigan. This statewide initiative will fund water infrastructure improvements, support technology for water systems to address PFAS and emerging contaminants, and support research and innovation in water solutions.

The \$120 million investment will be targeted to the following efforts:

- **Lead and Copper Rule Implementation (\$37.5 million)**
  - Implement requirements of Michigan's revised Lead and Copper Rule
  - Lead service line replacement; at or near 10 ppb
  - Support 35 Local Drinking Water Advisory Councils
  
- **PFAS and Emerging Contaminants (\$30 million)**
  - Abate, cleanup, and support utility investment in technology
  - Research and solution development
  - Research treatment development of emerging contaminants (e.g., short chain PFAS)
  - Analytical technique development
  - Health risk studies to establish drinking water standard
  
- **Drinking Water Revolving Fund (DWRF) Loan Forgiveness (\$40 million)**
  - Utilize existing program to increase participation through grant process
  
- **Affordability and Planning (\$7.5 million)**
  - Water rate design around affordability and sustainable rates, identifying best practices, and evaluation of effectiveness of approaches
  - Integrated asset management

- Watershed planning
- Resiliency planning for water utilities
  
- **Research and Innovation (\$5 million)**
  - Water Resource Foundation and other philanthropic organizations
  - Research universities
  - Optimizing corrosion control treatment
  - Optimize water distribution systems - re-engineering / water flow enhancement
  - Enhance data building and analysis capacity of municipal water systems (i.e., Big Data)

The Department of Environmental Quality will oversee the initiative through the establishment of grant processes and flexible administration of its DWRF program. Local grant recipients will be strongly encouraged to seek innovative approaches and partnerships with nonprofits, research universities, and other governmental entities to identify and implement industry best practices.