



MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
**OVERBURDENED AND SIGNIFICANTLY OVERBURDENED COMMUNITY STATUS
DETERMINATION WORKSHEET**

The following data is required from each State Revolving Fund (SRF) applicant requesting a determination for overburdened and significantly overburdened community status.

The most recent census and tax data are available in a searchable table on EGLE's [State Revolving Fund – Overburdened Community Definition and Scoring Criteria Development](#) webpage along with an excel worksheet to help determine blended Median Annual Household Income (MAHI) and blended taxable value per capita for regional systems. The MAHI and taxable value per capita table will be used to make all FY24 determinations. Applicants are encouraged to visit this page prior to completing this form to see if they qualify based on MAHI (blended MAHI if applicable) or taxable value per capita (blended taxable value per capita if applicable) alone. If so, they only need to fill out lines 1 and 2 of this form, electronically sign it on page 2, and submit.

Alternately, if the applicant's MAHI or blended MAHI is above the state average - \$63,498 for FY24 – they cannot be determined as being overburdened or significantly overburdened for FY24 funding and should not complete or turn in this form.

For applicants whose MAHI or blended MAHI is below \$63,498 but do not automatically qualify based on MAHI or taxable value per capita alone, please complete the entire form and return to:

Mark Conradi
conradim@michigan.gov

Name of Applicant

Please check the box indicating which funding source this determination is for:

DWSRF

CWSRF

1. Is this a regional system? A regional system refers to any system that serves more than one municipality (cities, townships, and/or villages)

Yes

No

If yes, refer to the instructions at the end of this form to complete calculations for a blended MAHI and blended taxable value per capita. Additionally, page 3 of this form will also need to be completed.

2. Median Annual Household Income from table on the overburdened webpage (blended if applicable)

3. Taxable Value Per Capita from table on the overburdened webpage (blended if applicable)

4. Total amount of anticipated debt for the proposed project (amount of loan requested for FY24 loan)

5. Annual payments on the existing debt for the system

6. Total operation, maintenance, and replacement expenses (OM&R) for the system on an annual basis

7. Number of residential equivalent users (REUs) in the system

***I (_____) hereby certify that the information in this form is complete, true, and correct to the best of my knowledge.**

Signature

Date

For determinations made using anticipated debt, a final determination will be made based upon the awarded loan amount and not the anticipated amount provided on this form.

Regional System Breakdown (If applicable)

Name of municipality Percentage of flow

Name of municipality Percentage of flow

Name of municipality Percentage of flow

Name of municipality Percentage of flow

Name of municipality Percentage of flow

Name of municipality Percentage of flow

Name of municipality Percentage of flow

Name of municipality Percentage of flow

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Name of municipality Percentage of flow

Name of municipality Percentage of flow

Name of municipality Percentage of flow

If more spaces are needed, please include them in the email along with this submission. Percentages of flow must add up to 100%.

OVERBURDENED AND SIGNIFICANTLY OVERBURDENED COMMUNITY STATUS INSTRUCTIONS AND GUIDANCE

The following instructions provide guidance to fill out the overburdened and significantly overburdened determination community status worksheet. Systems across the state use many types of methods for billing and some include items that others do not. The purpose of the determination is to put all systems on a level playing field by breaking down system debt, expenses, and number of customers in the same manner. The instructions address each question in the order they are presented on the worksheet.

1. Regional systems (if applicable) – Blended MAHI and taxable value per capita calculations

The definition of overburdened and significantly overburdened communities first requires “(a) Users within the area served by a proposed drinking water project, sewage treatment works project, or stormwater treatment project are directly assessed for the costs of construction.” That means that the calculations need to be based on who is paying for the proposed SRF loan.

For systems that serve more than one municipal entity a blended MAHI and taxable value per capita calculation must be completed. Page 3 of the worksheet includes spaces for a system to list all the municipalities (cities, townships, and/or villages) and the percentage of flow they provide to the system. The flow percentages should be based on the most recent data available.

The reason flow is used is because most systems add debt costs to customers’ bills and those are determined by flow. In rare cases there might be municipal agreements that vary slightly from this method and those will require the applicant to contact EGLE and provide the data separate from this worksheet. EGLE will take each municipality’s MAHI and taxable value per capita and multiply it by the percentage of flow and then add them all together to come up with the blended number to be used in the determination (e.g., (municipality A MAHI * flow) + (municipality B MAHI * flow) + (municipality C MAHI * flow = Blended MAHI for the system)). The same formula will be repeated swapping out taxable value per capita for MAHI to determine a blended taxable value per capita.

The most recent census and tax data are available in a searchable table on EGLE’s [State Revolving Fund – Overburdened Community Definition and Scoring Criteria Development](#) webpage. This table will be used to make all FY24 determinations. Use the excel FY24 Overburdened Calculation Template also located on the [State Revolving Fund – Overburdened Community Definition and Scoring Criteria Development](#) webpage. Tab 1 titled, “Blended MAHI and TVPC calcs” will allow the applicant to input the names of the municipalities, their percentage of flow, the MAHI for each found in the table listed above, and the taxable value per capita for each in the table listed above, to calculate a blended MAHI and blended taxable value per capita of the regional system. **If the blended MAHI is above \$63,498 the project cannot qualify for overburdened or significantly overburdened status and the rest of the form should not be filled out or turned in.**

2. Median Annual Household Income

Use the “Fiscal Year 2024 Overburdened Median Annual Household Income (MAHI) and Taxable Values List for SRF Projects; the State of Michigan MAHI is \$63,498 for FY24 Projects” searchable table located on the [State Revolving Fund – Overburdened Community Definition and Scoring Criteria Development](#) webpage. Search for the system’s MAHI and enter it. **If the**

MAHI is above \$63,498 the project cannot qualify for overburdened or significantly overburdened status and the rest of the form should not be filled out or turned in.

For regional systems that serve more than one municipality (cities, townships, and/or villages), refer to the instructions for regional systems in step 1 if you have not already completed calculating a blended MAHI for the system. Once the blended MAHI is determined, enter it on line 2 of the worksheet.

3. Taxable Value Per Capita

This data is found in the same location as the MAHI data and was likely already entered by the applicant while completing line 2. If not, repeat the directions for step 2 and enter the taxable value per capita from the table.

For regional systems that serve more than one municipality (cities, townships, and/or villages), refer to the instructions for regional systems in step 1 if you have not already completed calculating a blended taxable value per capita for the system. Once the blended taxable value per capita is determined, enter it on line 3 of the worksheet.

4. Total amount of anticipated debt for the proposed project

Fill in the total amount of the proposed loan for the project requesting State Revolving Loan financing in FY24.

EGLE will amortize this amount to determine a yearly cost to the applicant. The excel FY24 Overburdened Calculation Template, also located on the [State Revolving Fund – Overburdened Community Definition and Scoring Criteria Development](#) webpage, has this calculation built in so the applicant only needs to enter full FY24 the loan amount when completing that as well.

Note that this loan amount is an estimate and often changes after project plans are submitted and bids come in. EGLE will run this determination again prior to finalizing the Project Priority List (PPL). Changes in the loan amount can sometimes change an applicant's status from overburdened to not or vice versa if the initial calculation is close to the 1% MAHI threshold.

Thus, if a system is determined to be overburdened or not based on annual user costs being greater than 1% of system's MAHI vs being determined overburdened by MAHI or state taxable value per capita alone, a loan amount will be provided to the applicant that provides the cutoff loan value to either gain or lose overburdened status.

5. Annual Payments on the existing debt of the system

Fill in the yearly total of any current debt payments for the system. If coming in for a CWSRF project only include debt payments for the wastewater system and if coming in for a DWSRF project only include debt payments for the drinking water system.

In a regional system the additional debt payments of connected systems may be added if the connected systems are included in the blended MAHI and taxable value per capita calculations and there is no double-counting. For example, if a regional treatment system is coming in for the loan, a connected collection system could add any additional annual debt costs that the

collection system passes onto its customers after paying all debt and expenses to the regional treatment system. This is to account for the fact that the MAHI and state taxable values are being blended so the annual debt payments of the regional system can be blended as well to determine the average user cost of the regional system.

6. Total operation, maintenance, and replacement (OM&R) expenses for the system on an annual basis

As with the annual debt payments, the amount listed here should include only wastewater OM&R for CWSRF loans and only drinking water OM&R for DWSRF loans. If the accounting is combined split the costs as accurately as possible.

The OM&R costs should reflect all annual expenses for the system that are recovered annually through rates. This means that if a community makes an annual contribution of \$50,000 a year to a capital improvement fund, they could add that number to the yearly OM&R costs. If they have accumulated \$250,000 in that account and plan on using all in the calendar year they are applying for the loan, they cannot claim that amount as it is not a yearly expense; only the \$50,000 is. This is also true for depreciation expenses with no cash value or yearly contribution. They cannot be included.

In a regional system the additional OM&R expenses of connected systems may be added if the connected systems are included in the blended MAHI and taxable value per capita calculations, there is no double-counting, and the expenses follow the same OM&R rules listed above. For example, if a regional treatment system is coming in for the loan, a connected collection system could add any additional annual OM&R costs that the collection system passes onto its customers after paying all debt and expenses to the regional treatment system. This is to account for the fact that the MAHI and state taxable values are being blended so the annual OM&R expenses of the regional system can be blended as well to determine the average user cost of the regional system.

7. Number of residential equivalent users (REUs) in the system

REUs refer to number of standard household hookups in a system. In a bedroom community, with little to no commercial or industrial customers, this number clear. However, most systems have a combination of customer types. The purpose of this form is to determine the average bill for a typical residential customer to determine if it is high enough to pose a burden on the ratepayer.

There are two standard ways of determining REUs: meter size and average flow.

- **Meter size**

This is the preferred method as it eliminates most variables that using flow may have. To determine the number of REUs in a system take all the systems' meters and convert them down to 5/8th-inch or 3/4-inch (whichever is the system's standard residential size). Use the capacity of the pipe to convert down (e.g., a 2-inch meter would be equivalent to about 8, 5/8th-inch meters, a 4-inch meter would be equivalent to about 25, 5/8th-inch meters, etc.). The resulting number of equivalent 5/8th-inch or 3/4-inch meters would be the number of REUs in the system.

- Average flow

The average flow method requires the system to determine the average yearly flow for a typical residential household (i.e., a 5/8th-inch or 3/4-inch connection). The system takes the most recent yearly flow data of the entire system and divides by the average household usage number to come up with the number of REUs.

EGLE will look at the numbers provided and may have questions based on the population size vs number of REUs. EGLE will reach out and ask to see the calculations in some instances. Applicants are encouraged to include an excel sheet with these calculations along with the submittal of this form to reduce any back-and-forth communications.

Signature

A typed name and accompanying electronic signature are required for the form to be accepted. If this section is left blank the form will be returned to the sender and not reviewed until it has been signed and sent back.

Final Determination

If the system's MAHI or blended MAHI (if applicable) is over the state average - \$63,498 for FY24 – it cannot be determined as being overburdened or significantly overburdened for FY24 funding.

EGLE will take the information provided on this form and enter it into the FY24 Overburdened Calculation Template spreadsheet to calculate the average yearly cost per REU. If a community or system is not determined to be overburdened or significantly overburdened based on MAHI or taxable value per capita alone, this calculation will determine if the costs are greater than 1% of the system's MAHI.

The FY24 Overburdened Calculation Template spreadsheet with the calculations and final determination will be sent to the applicant after the review has been completed by EGLE. A blank version is available on the [State Revolving Fund – Overburdened Community Definition and Scoring Criteria Development](#) webpage. Ideally the applicant has already completed the calculations using the instructions above prior to submitting. If the applicant completes the worksheet and determines they do not qualify for overburdened status it is requested that they do not submit the completed worksheet unless they have questions. The applicant's preliminary findings using the FY24 Overburdened Calculation Template are not official until they have been reviewed by EGLE as discrepancies and/or questions about some of the numbers may arise. However, EGLE is providing the template to allow applicants to have a good idea of how the determination will result prior to hearing back officially from EGLE.

Please contact Mark Conradi (conradim@michigan.gov) with any questions on the completion of the form.

If you need this information in an alternate format, contact EGLE-Accessibility@Michigan.gov or call 800-662-9278.

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This form and its contents are subject to the Freedom of Information Act and may be released to the public.