

State Revolving Fund Scoring and Definitions Stakeholder Meeting 1

Wed., August 10, 2022

6-8 p.m. EDT

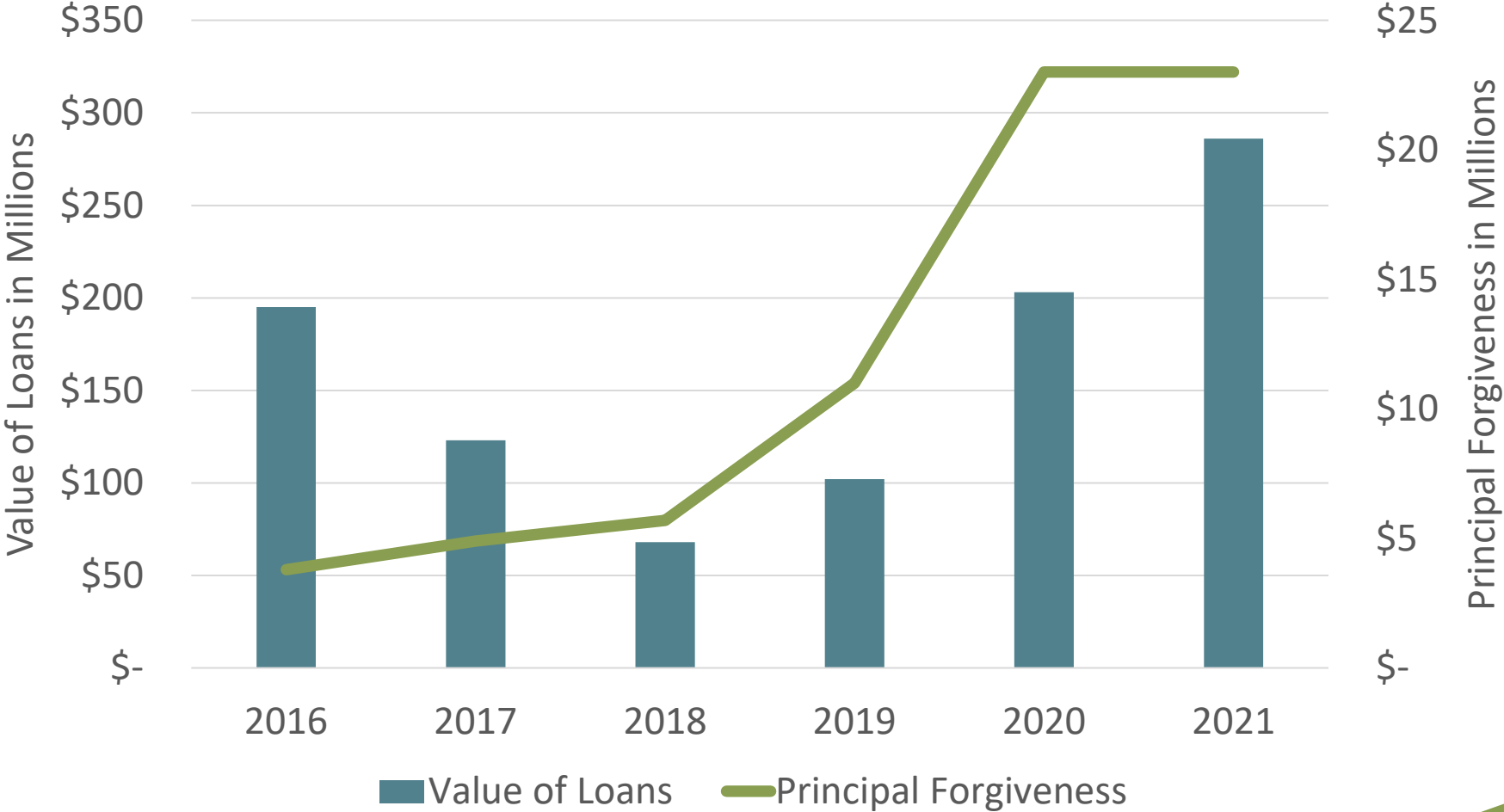
Defining “Overburdened Community”

James Clift
Deputy Director

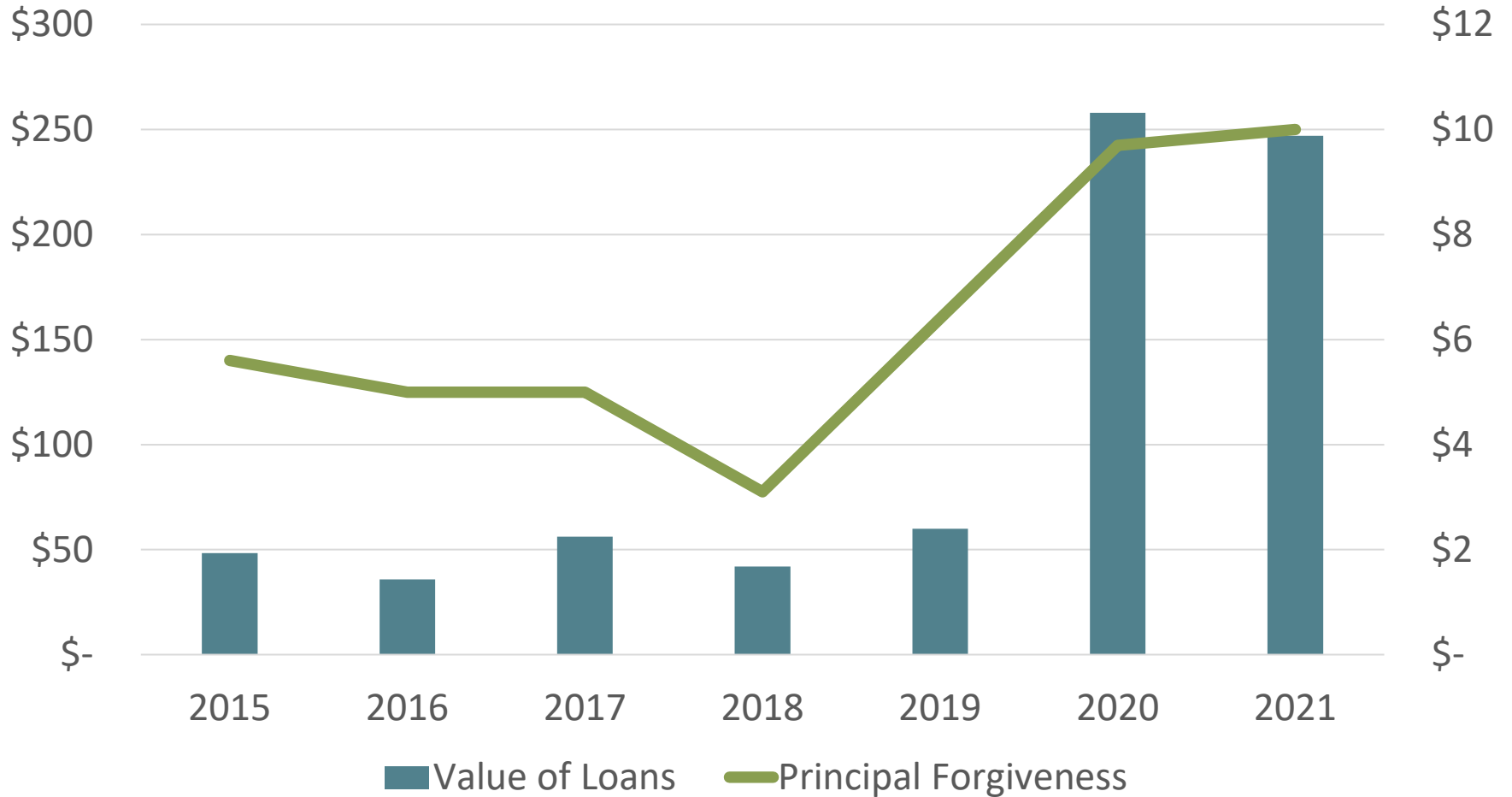
State Revolving Fund

- Projects within overburdened communities awarded at least 20 points (out of 100) toward prioritization – 25 points for significantly overburdened
- Projects eligible for loan forgiveness on borrowed funds
- Projects eligible for lower interest rates on loans

Clean Water History



Drinking Water History



Goals of process

- Eliminate obsolete language
- Make designation clearer in advance
- Expand beyond income as primary criteria
- Minimize burden on community to gather necessary information

Important considerations

- The “community” under the SRF process is the service territory of the service provider (usually the water utility)
- If more communities qualify the amount of support provided for each one will tend to drop
- Not all EGLE or federal programs use the same definition

Criteria evaluated

- Income and unemployment data
- Populations trends
- Housing costs and values
- Annual user costs (historic and projected) and allocation among user classes
- Existing public health, environmental and affordability impacts
- Other relevant factors

Income and unemployment data

- Income
 - Currently used and is included in new definition
 - Median annual household income and cutoff for lowest 20% of the population within a community
- Unemployment
 - Detailed information only available for counties and large cities
 - Indirectly reflected in income figures

Population Trends

- Reviewed list from last year and examined population trends
- Communities with significant declines already qualified under other criteria, as follows:
 - All communities with at least a 5% decline over the last 10 years were already designated.
 - All communities with at least a 10% over the last 20 years were already designated, except for one.
 - All communities with at least a 20% decline over the last 30 years were already designated, except for one.

Housing costs and values

- Reviewed American Housing Survey – alternating surveys
- Data only accurate to the county level and in selected major cities
- Significantly revamped in 2015 making it harder to track longer trends

Annual user costs, cost allocation amongst classes

- Annual user cost is a primary factor used by the previous definition and the proposed one.
 - If rates exceed 1% of median household annual income, or
 - If rates exceed 2% of cutoff for lowest quintile of annual income.
- Rate calculation includes the revenue necessary to operate a system along with the cost of any new debt being undertaken.

Cost allocation

- The department does not collect any data from applicants on the allocation of costs amongst user classes.
- Allocation can be influenced by a number of factors regarding the size, number, and location of non-residential water users.
- EGGLE has determined the collection of data on cost allocation would be cost prohibitive without a clear benchmark that could be used to evaluate allocations.

Existing public health, environmental impacts

- Public health and environmental impacts have commonly been addressed through the scoring process of determining which projects to prioritize and fund.
- A separate process is currently being undertaken to revise the scoring mechanisms.

Significantly Overburdened Community

- Two qualifying criteria regardless of water rates:
 - Household annual income is less than 125% of poverty level for a family of four (\$34,687), or
 - The taxable value per capita for the community is among the lowest 10% (by population) in the state
 - less than \$15,200 per capita.

Overburdened community

- The taxable value per capita for the community is among the lowest 20% (by population) in the state – less than \$22,550 per capita.
- The median annual household income of the area served by the proposed project is less than the statewide median annual household income for this state, and annual user costs exceed 1% of the median annual household income.
- Potential use of household income cutoff for the lowest quintile of the area served by the proposed project.

Clean Water SRF Scoring

CWSRF Updates

- Why do we need criteria?
 - Prioritize projects for CWSRF funding
- Why is EGLE proposing to update the scoring criteria for CWSRF?
 - To reflect current EGLE priorities (e.g., PFAS and untreated wastewater discharges)
 - Establish stormwater priorities as requested by municipalities

Proposed CWSRF Scoring Criteria

- EGLE proposes to award points based on 5 categories
 - Compliance
 - Public Health
 - Water Quality
 - Improving Infrastructure
 - Affordability
- Wastewater and stormwater projects will use similar categories but different scoring criteria

Proposed CWSRF Scoring Criteria

Category	Clean Water	Points Awarded	Stormwater	Points Awarded
Compliance	Enforceable Schedule (in NPDES, Administrative Consent Order, Consent Judgement)	15	Violation Notice for MS4	5
Improving Infrastructure	<ul style="list-style-type: none"> Asset Management Program Regionalization Resiliency (e.g. pumping or type of pumping, electrical systems, basement backup protection) 	20	<ul style="list-style-type: none"> Asset Management Program Regionalization 	20
Affordability/ Disadvantaged	<ul style="list-style-type: none"> Overburdened Significantly Overburdened (5 additional points) 	20/25	<ul style="list-style-type: none"> Overburdened Significantly Overburdened (5 additional points) 	20/25

Proposed CWSRF Scoring Criteria

Category	Clean Water	Points Awarded
Public Health	<p><u>Sanitary Sewer Overflow/Bypass Scoring</u></p> <ul style="list-style-type: none"> Wet weather-related SSOs – 20 points for demonstration of SSOs not meeting SSO Policy Operational-related SSOs – 20 points for demonstration of dry weather SSOs due to structural concerns that cause chronic operational <p><u>Combined Sewer Overflow Scoring</u></p> <ul style="list-style-type: none"> 20 points for reduction of annual CSO volume > 10 MG 15 points for reduction of annual CSO volume 5-10 MG 10 points for reduction of annual CSO volume < 5 MG <p><u>Biosolids scoring for PFOS</u></p> <ul style="list-style-type: none"> Meet 20 ppb PFOS as expressed in interim biosolids strategy. 	Maximum 20

Proposed CWSRF Scoring Criteria

Category	Clean Water	Points Awarded	Stormwater	Points Awarded
Water Quality	Use water quality severity points (for parameters such as DO, Nutrients, Toxics and microorganisms).	Maximum 20	<ul style="list-style-type: none"> Makes progress toward achieving the TMDL pollutant load reduction in an MS4 permit (<i>10 points</i>) Results in reduced stormwater runoff volume. Qualifying BMPs must be designed to infiltration or for reuse (e.g., bioretention basins, bioswales, water storage/reuse) (<i>up to 20 points</i>) Results in increased water quality treatment of an existing discharge (<i>10 points</i>) Results in disconnection of existing impervious surfaces (<i>10 points</i>) Results in a regional BMP(s) to address known local site issues (e.g., clay soils) to comply with MS4 post-construction requirements (<i>10 points</i>) 	Maximum 50

Proposed CWSRF Points

Category	Clean Water	Stormwater
Compliance	15	5
Public Health	20	NA
Water Quality	20	50
Improving Infrastructure	20	20
Affordability	25	25
Total Points Possible	100	100

Proposed Drinking Water Scoring

Brian Thurston,
Assistant Division Director
Drinking Water and Environmental
Health Division

5 Categories in P.A. 132

- Drinking water regulatory compliance
- Public Health
- Drinking water quality
- Improving infrastructure
- Impacts on overburdened community and significantly overburdened community

Impacts on overburdened community and significantly overburdened community

- Overburdened Community
 - 20 Points
- Significantly Overburdened Community
 - 25 points
- 25 Maximum Points are allowed for this category.

Drinking Water Regulatory Compliance

- Facility upgrades to Maintain Compliance
 - Project improves or maintains compliance with current or future regulations.
 - 10 points
- Regionalization efforts to address TMF Capacity issues
 - Managerial or Financial Capacity resource sharing to increase regulatory compliance.
 - 5 points

Drinking Water Regulatory Compliance

- Consolidation
 - Project connects community water supplies to its system as part of the project.
 - 5 points for each (CWS) up to a maximum of 15 points
 - Project connects other public water supplies to its system as part of the project
 - 3 points for each (PWS) up to a maximum of 15 points
- Project addresses enforcement order (CWS or NCWS)
 - 5 points

Public Health Protection

- Lead Service Line Replacements
 - LSL or galvanized previously served by Lead.
 - 10 points
- History of proactive public health protection
 - Water supply has a history of no health-based violations in the past 5 years.

Public Health Protection

- Acute violations of standards or Treatment Techniques
 - Project includes work to address acute MCLs or TTs
 - 20 points
- Non-acute exceedances of standards
 - Project includes work to address non-acute MCLs, HALs, ALEs, or TTs
 - 10 points

Drinking Water Quality

- Looping to eliminate dead-end watermains or adding mixing to storage reservoirs
 - 5 points
- Change to a more protective/higher quality source water
 - 5 points

Drinking Water Quality

- Active Source Water Protection Program
 - 10 points
- Treatment to address water quality issues
 - 5 points

Improving Infrastructure

- Asset management implementation
 - Project addresses needs identified in the Capital Improvements Plan and/or Reliability Study
 - 10 points
- Sharing infrastructure assets with neighboring system(s)
 - 5 points

Improving Infrastructure

- Project includes multiple asset classes or financing sources
 - Projects that address multiple asset classes such as a DWSRF and CWSRF would be awarded these points
 - Projects that includes other financing sources to complete the project such as USDA RD, Grants, Local funds, Loans, other funding sources.
 - 5 Points

Tiebreakers

- 1) Project Cost/Capita lower cost/capita moves ahead.
- 2) Project with consolidation over project without consolidation moves ahead.
- 3) Compliance history of water supply as previously used.
 - Supply with less than two monitoring or reporting violations moves ahead.

DWSRF Priority Ranking Worksheet

DRAFT

Supply Name: _____
 DWSRF Project No.: _____
 Date: _____
 WSSN: _____
 Scorer's Name: _____
 Population Served: _____

Category	Points Available	Points Awarded	Comments
I. Drinking Water Regulatory Compliance			
A. Facility Upgrades to Maintain Compliance Improve or maintain compliance with current or future regulations	10		
B. Regionalization efforts to address TMF Capacity issues Managerial or Financial Capacity Resource sharing to increase compliance	5		
C. Consolidation _____ CWS - 5 points each _____ Other PWS - 3 points each	up to 15 up to 15		
D. Project addresses enforcement order (CWS or NCWS)	5		
Category I Totals	25 Max Points	0	
II. Public Health Protection			
A. Lead Service Line Replacements LSL, Galvanized previously served by lead	10		
B. Acute violations of standards or TTs Project addresses acute MCLs or TTs (Nitrate, E-Coli, SWTR)	20		
C. Non-acute violations of standards Project addresses non-acute MCLs, HALs, or TTs (Arsenic, PFAS, VOCs, ALEs, Radium, Manganese, etc.)	10		
D. History of Proactive Public Health Protection Water Supply has a history of no HB violations in past 5 years	5		
Category II Totals	20 Max Points	0	

III. Drinking Water Quality Standards			
A. Looping to eliminate dead-end watermains or storage mixing	5		
B. Change to more protective/higher quality source water	5		
C. Active Source Water Protection Program	10		
D. Treatment to address water quality issues	5		
Category III Totals	15 Max Points	0	
IV. Improving Infrastructure			
A. Asset management implementation Project addresses needs in Capital Improvements Plan/Reliability Study	10		
B. Sharing infrastructure assets with neighboring system(s). Technical Capacity resource sharing (tanks, wells, intakes, etc.)	5		
C. Project includes multiple asset classes or financing sources USDA RD, CWSRF, Grants, Loans, other matching sources, etc.	5		
Category IV Totals	15 Max Points	0	
V. Affordability/Disadvantaged Applicants			
A. Overburdened Communities	20		
B. Significantly overburdened communities	25		
Category V Totals	25 Max Points	0	
WORKSHEET POINT TOTALS	100 Max Points	0	
TOTAL \$ AMOUNT OF PROJECT:		COST/CAPITA:	#DIV/0!

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Environment, Great Lakes, and Energy

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