



STATE REVOLVING FUND

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

State Revolving Fund (SRF) applicants requesting a determination for overburdened and significantly overburdened community status must complete an [Overburdened and Significantly Overburdened Survey](#) to determine eligibility. The following instructions detail how to fill out the survey and how to determine the inputs required. The survey is designed to guide the applicant through the process and provide immediate, preliminary feedback of the results. The only exception are regional systems that have other regional systems who send flows to them as well. This is rare and will be handled on a case-by-case basis as in prior fiscal years. For regional systems with this situation, or for any other questions on the completion of the survey, please contact Mark Conradi at ConradiM@Michigan.gov.

You can access the [Overburdened and Significantly Overburdened Survey](#), along with all the information, rules, and instructions needed to complete it, at the Michigan Department of Environment, Great Lakes, and Energy's (EGLE) [State Revolving Fund: Affordability Criteria](#) webpage.

The most recent census and tax data are available in a searchable table on EGLE's [State Revolving Fund: Affordability Criteria](#) webpage. The information in the MAHI and taxable value per capita table will be used to make all Fiscal Year 2025 (FY25) determinations.

If the applicant's MAHI or blended MAHI is above the state average - \$66,986 for FY25 – they cannot be determined overburdened or significantly overburdened for FY25 funding. Applicants do not have to complete a survey if they know they do not qualify based on MAHI, and the survey will indicate if the applicant exceeds the limit early on. It is requested that applicants turn in the survey if they start it, even if it indicates that they do not qualify. EGLE will know the applicant has checked and project managers will not reach out to them in the future to ask if they are going to apply.

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

SURVEY PAGE 1

Application Number from ITA form

When an applicant completed an FY25 ITA application they were sent a confirmation email with a unique application number in the following format: XXX-XXXX. Enter this number into the box and/or scroll down and select it. (**Note:** If a system has submitted multiple ITAs, this survey will need to be completed for each unique ITA application). When the ITA number is entered it will automatically fill in the following entries:

- Legal Name of Applicant
- Name of Applicant Contact
- Contact Email
- Contact Phone Number
- Funding Source

If this information is incorrect, it means the wrong application number was entered. Correct the number and ensure the information matches the proposed project before moving on. Ask your project manager if you do not have the application number.

Once the applicant number has been entered the “Overburdened Survey Information - Person Completing Form on Behalf of Applicant” section will appear below it. Often an engineer or financial consultant will fill out the overburdened survey for the applicant. This section allows the person filling out the form to enter their:

- Name
- Email
- Phone number

When the survey is completed, the results will be emailed to the contact provided with the ITA application AND the additional contact if it is different from the ITA.

Is this a Regional System?

Select yes or no to continue to the next page. For additional information on the definition of regional system see the writeup in the Appendix of this document.

FOLLOWING SURVEY PAGES

Applicants will be directed to the next entry pages based on how they answer the questions on page one. If, at any point, the applicant needs to change an entry hit the “Back” button on the bottom left of the page. Hit the “Next” button to return to the former

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

page. Any information that was entered previously should still be there. The survey includes instructions depending on what information is required.

Whether an applicant is a regional system or not the survey will automatically calculate if any of the automatic qualifiers apply. If so, the survey will stop, provide the reasoning as to why the applicant is either significantly overburdened or overburdened, and give them a “Next” button to go to the signature/submittal page.

If the applicant is over the MAHI threshold for FY25 projects (\$66,986) the system will automatically tell the applicant they are not eligible and provide them a “**Next**” button to go to the signature/submittal page. It is requested that these systems still submit so EGLE knows they do not qualify and will not ask them in the future if they need to still apply.

If the applicant does not automatically qualify, AND their MAHI/Blended MAHI is below the state average for FY25 projects (\$66,986), additional information will need to be entered and page 2 will expand downward to allow entry. The additional information needed is:

- Total amount of anticipated debt for the proposed project (amount of loan requested for FY25 loan)
- Annual payments on the existing debt for the system
- Total operation, maintenance, and replacement expenses (OM&R) for the system on an annual basis
- Number of residential equivalent users (REUs) in the system

These entries follow the same rules as prior years and are detailed in the Appendix and Definitions section below.

If the survey is not responding as expected or the applicant is having trouble changing information, refresh the webpage and reenter the data before hitting submit.

For determinations made using anticipated debt (i.e., determinations where the change in loan amount will change the applicant status from overburdened to not or vice versa), a final determination will be made based upon the final LOAN amount after bids/project scope is finalized and not the anticipated amount provided on this form. This amount is provided in the email with the preliminary results and is called: SRF Loan Minimum to Maintain or Gain Overburdened Status. If the number is 0, the amount of the anticipated loan will not change the calculated results. If a number is provided, the anticipated loan needs to be at least that large for the applicant to qualify as overburdened.

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

SURVEY APPENDIX AND DEFINITIONS

The following instructions provide guidance to fill out the overburdened and significantly overburdened determination survey. 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 all the inputs required in the survey. Some or all may apply, and the survey will guide the applicant and only ask for what is required based on the applicant's situation.

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 2 of the worksheet includes an “add record” button for a system to individually add 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. Choose a municipality from the dropdown and add a percentage following the instructions in the survey. Once the municipality has been added the MAHI and TVPC will be automatically filled in and the user can hit the plus button to add the next municipality.

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 survey. 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.

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

The most recent census and tax data are available in a searchable table on EGLE's [State Revolving Fund: Affordability Criteria](#) webpage. This table has been loaded into the survey and will be used to make all FY25 determinations. **If the blended MAHI is above \$66,986 the project cannot qualify for overburdened or significantly overburdened status** and the Survey will indicate the system does not qualify.

Median Annual Household Income (MAHI) and Taxable Value Per Capita (TVPC)

These FY25 numbers have been populated in the survey and will autofill when a municipality is entered.

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 FY25 ONLY.

EGLE will amortize this amount to determine a yearly cost to the applicant. In FY25 a 3% rate will be used for all applicants for this calculation.

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 calculation moves the resulting annual cost over or under 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 in their final determination that provides the cutoff loan value to either gain or lose overburdened status.

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

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

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.

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.

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 is 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 the water or sewer bill is high enough to pose a burden on the ratepayer.

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

1. 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 5/8ths-inch or 3/4-inch (whichever is the system's

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

standard residential size). Use the capacity of the pipe to convert down (e.g., a 2-inch meter would be equivalent to about 8, 5/8ths-inch meters, a 4-inch meter would be equivalent to about 25, 5/8ths-inch meters, etc.). The resulting number of equivalent 5/8ths-inch or 3/4-inch meters would be the number of REUs in the system. **Note:** When using this method, a meter size cannot equal less than 1 REU. If a community has a newer standard of 3/4-inch meter connections but still has 5/8ths connections in their systems, both the 3/4-inch and 5/8ths must be counted a 1 REU.

2. Average flow

The average flow method requires the system to determine the average yearly flow for a typical residential household (i.e., a 5/8ths-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.

Signature

The following statement, “*I,(auto filled based on page one of the survey), by checking yes on behalf of (auto filled based on applicant ITA), hereby certify that the information in this survey is complete, true, and correct to the best of my knowledge.” Click yes and a date will be automatically entered. Click “Submit”.

Final Determination

A preliminary determination will be emailed to the applicant contact and the contact information of the person who filled out the survey immediately after the survey has been submitted. The first page of the preliminary survey results will contain all of the information on the results. The following page(s) break down the information that was provided to EGLE.

The applicant’s preliminary findings using the Overburdened and Significantly Overburdened Determination Survey are not official until they have been reviewed by EGLE as discrepancies and/or questions about some of the numbers may arise. **If applicants have applied for overburdened or significantly overburdened status in prior fiscal years, the numbers in the survey (i.e., breakdown of municipalities and their flow amounts, annual payments on existing debt, total OM&R, and REUs) will be compared to check for discrepancies as most of these numbers should be similar year to year.** EGLE will contact applicants individually if inconsistencies are found.

Overburdened and Significantly Overburdened Community Status Determination Survey Instructions

EGLE is providing an updated FY25 excel template like the one used in FY24 to allow applicants to fill out and determine the inputs ahead of filling out the survey if they wish. The required [Overburdened and Significantly Overburdened Survey](#) calculates the numbers the same way but auto-fills MAHI, TVPC, and stops applicants from continuing entering data if it is not needed.

Applicants must apply using the [Overburdened and Significantly Overburdened Survey](#). The only exception are regional systems who have other regional systems who send flows to them as well. This is rare and will be handled on a case-by-case basis as in prior fiscal years. For regional systems with this situation, or for any other questions on the completion of the survey, please contact Mark Conradi (conradim@michigan.gov).

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To request this material in an alternate format, contact EGLE-Accessibility@Michigan.gov or call 800-662-9278.

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Survey Instructions**