

# Water Infrastructure Investments

Michiganders deserve clean drinking water as well as healthy lakes and streams. Quality infrastructure is the backbone to achieving that goal, and the needs are significant. Communities across the state need upgrades to their treatment plants, drinking water service lines, and sewer systems. But an essential component is ensuring affordability for residents – particularly those in underserved communities. Smart investments help ensure clean drinking water and healthy streams, lakes and groundwater within the state. They also strengthen the economy and workforce by creating jobs, improving health and quality of life, protecting the environment, enhancing tourism, and setting the stage for Michigan’s future success.



**Safe Drinking Water**



**Healthy Waters**



**Strengthen Economy**



**Create Jobs**



**Improve Health &  
Quality of Life**



**Healthier Environment**



**Increase Tourism**



**Future Success  
of Michigan**

## CURRENT INFRASTRUCTURE NEED



Evaluations over the last several years have helped quantify the needs. The American Society of Civil Engineers regularly rates each state’s infrastructure; Michigan has historically been rated a “D-” overall. More specifically, bridges, dams, energy, solid waste, and wastewater fall within the “C” range; while drinking water, roads, schools, and stormwater fall within the “D” range. A past initiative by Governor Rick Snyder brought together a wide range of experts who issued the 21st Century Infrastructure Report. This report identified an **\$800 million annual need in water infrastructure funding**.

## CURRENT STATE OF INFRASTRUCTURE IN MICHIGAN

### DAMS

- An estimated 2,600 dams are in Michigan with 57% being at least 50 years old.
- More than **10% of rated dams are rated in poor or unsatisfactory in condition.**

### DRAINAGE SYSTEMS

- Michigan has 35,000 miles of county drains that serve more than 17 million acres.

### MUNICIPAL WASTEWATER

- 70% of Michigan residents are served by one of 1,080 community municipal wastewater treatment systems.
- An average of **5.7 billion gallons of untreated or partially-treated sewage entered into Michigan waterways since 2008.**

### MUNICIPAL DRINKING WATER

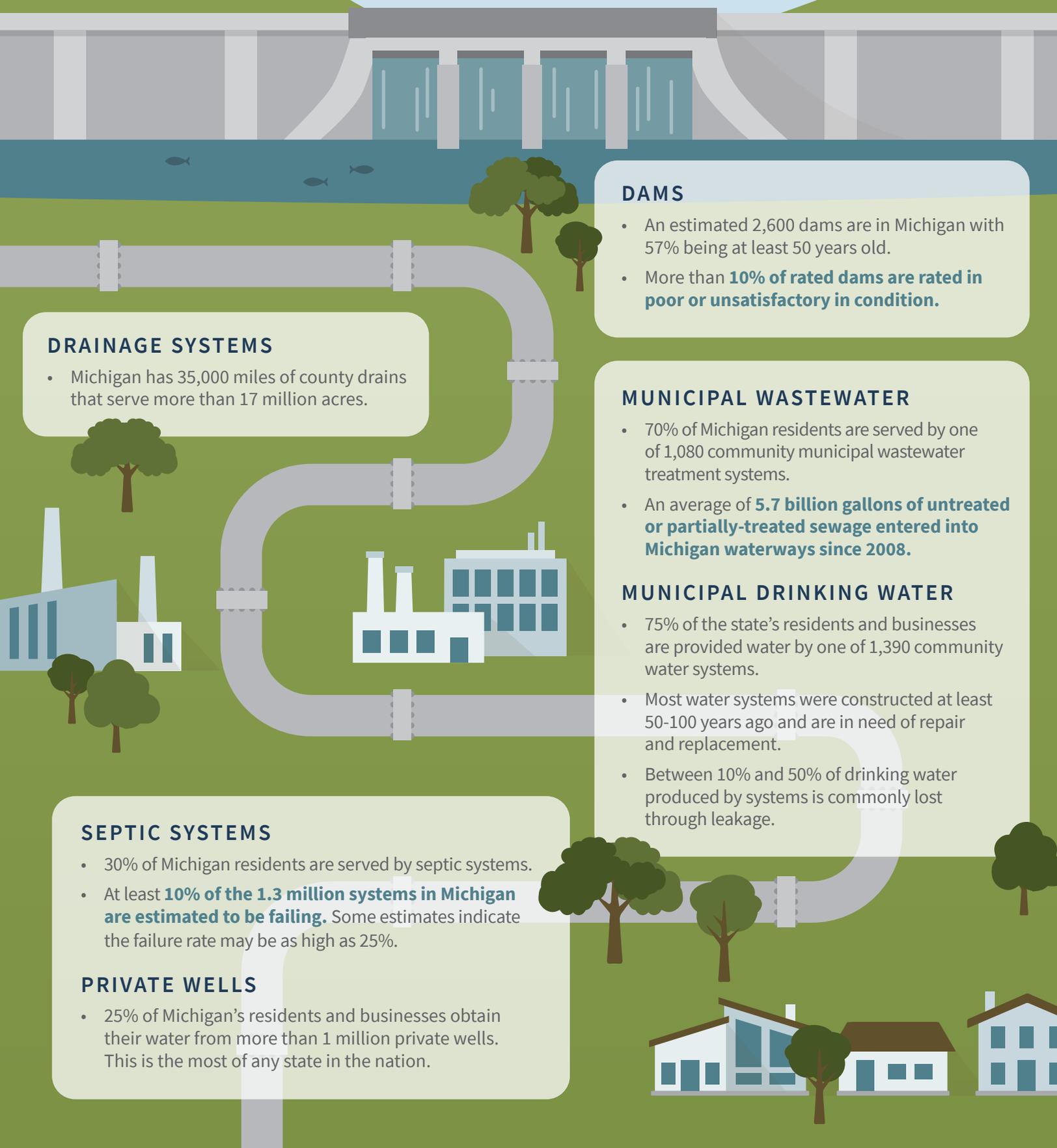
- 75% of the state's residents and businesses are provided water by one of 1,390 community water systems.
- Most water systems were constructed at least 50-100 years ago and are in need of repair and replacement.
- Between 10% and 50% of drinking water produced by systems is commonly lost through leakage.

### SEPTIC SYSTEMS

- 30% of Michigan residents are served by septic systems.
- At least **10% of the 1.3 million systems in Michigan are estimated to be failing.** Some estimates indicate the failure rate may be as high as 25%.

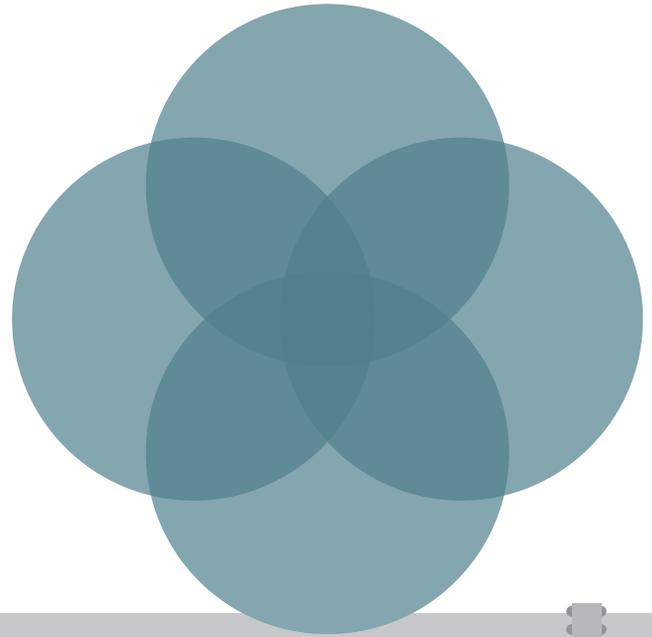
### PRIVATE WELLS

- 25% of Michigan's residents and businesses obtain their water from more than 1 million private wells. This is the most of any state in the nation.



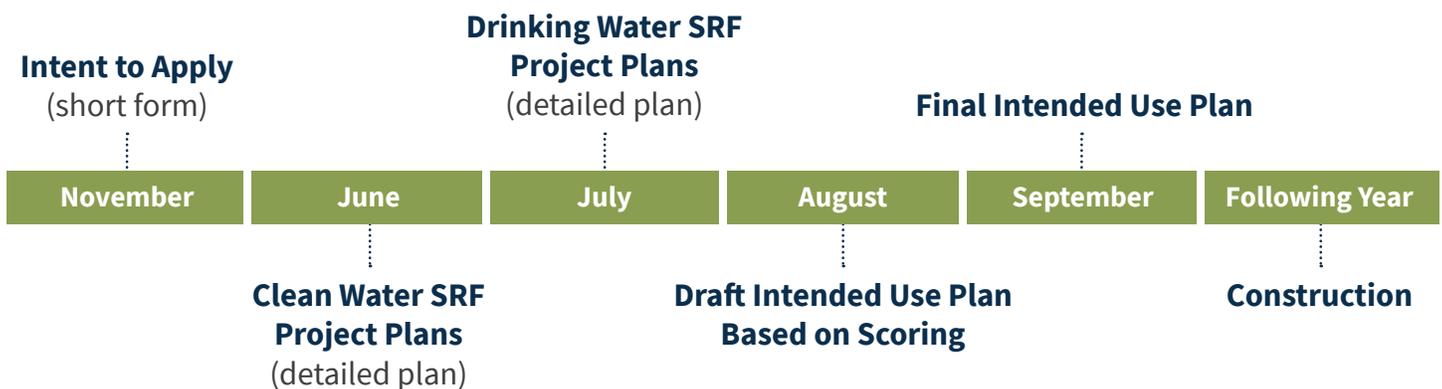
## CLOSING THE GAP

How do we close the infrastructure gap? The key is partnerships at multiple levels. The State Revolving Fund plays an important role, but it isn't intended to be the only option. Federal programs, including those provided by the United States Department of Agriculture Rural Development or portions of the new federal infrastructure funds, can provide assistance. Additionally, local units of government can bond or move forward with private financing through user fees to support the needs of the community.



## STATE REVOLVING FUND OVERVIEW

Michigan has two State Revolving Funds: Drinking Water and Clean Water. Both require a 20% state match component. The Drinking Water Fund receives \$25-\$30 million annually in federal funds, and the program can support up to \$200 million in projects. The Clean Water Fund receives \$65-\$70 million annually, and the program can support up to \$800 million in projects annually. Loans provide some principal forgiveness options, and the selection process between the funds is similar.



## TOTAL FINANCING PROVIDED

More than \$7 billion has been allocated since 1988 for 1,100 projects under the Revolving Funds, an average of \$205 million spread among 32 projects per year.

## DRINKING WATER STATE REVOLVING FUND

### \$1.5 billion and 345 projects financed since 1998

- Intake Structures
- Pumping Stations
- Storage Tanks
- Treatment Plants
- Distribution System Improvements (main pipelines from plant to service lines)
- Water Service Lines (replacement of lead and galvanized lines leading to homes)
- Municipal Wells

## MI CLEAN WATER

### \$191.4 million and 195 projects funded since 2021

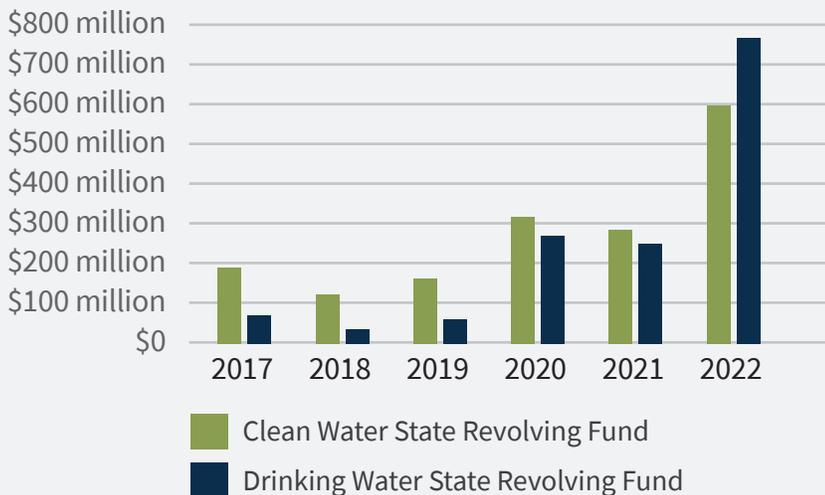
- Asset Management (awarded \$31.4 million for 94 projects)
- Consolidation and Contamination Risk Reduction (awarded \$20.9 million for 9 projects)
- Affordability and Planning (awarded \$1.9 million for 27 projects)
- Drinking Water Infrastructure (awarded \$35 million for 28 projects)
- Lead Service Line Replacements (awarded \$102.2 million for 37 projects)

## CLEAN WATER STATE REVOLVING FUND\*

### \$5.4 billion and 642 projects financed since 1988

- Elimination of Combined Sewer Overflows
- Wastewater Treatment Systems
- Collection Systems
- Major Sewer Rehabilitation
- Pump Stations
- Nonpoint Source Projects
- Stormwater Treatment

*\*In addition, 597 projects totaling \$405.2 million were funded through the Stormwater, Asset Management, and Wastewater (SAW) program in support of clean water efforts.*

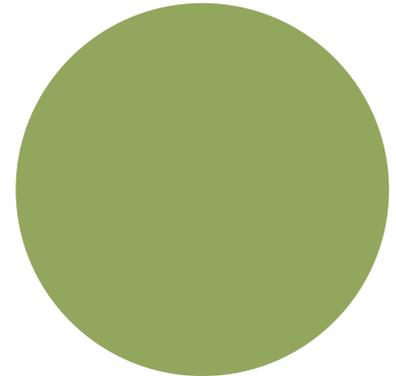


Requested amount is 13 times more than average projects financed in the past

More than \$2.8 billion for 250 projects based on initial intent to apply submissions for 2023

## IMPLEMENTATION OF PA 53 OF 2022 (SB 565)

Public Act 53, signed by Governor Gretchen Whitmer in April of 2022, seeks to reduce the financial burden to communities and address infrastructure needs to protect public health and the environment. Act 53 provides \$4.7 billion of infrastructure funding, including \$1.9 billion to be administered by EGLE. Funding is included from three separate funds: American Rescue Plan Act, Infrastructure Investment and Jobs Act, and General Fund. EGLE’s implementation of Act 53 will focus on the following guiding principles:



<b>Addressing environmental and public health priorities</b>	<b>Decreasing the cost of treating, collecting, and distributing water</b>	<b>Prioritizing funding to communities implementing asset management plans</b>
<b>Prioritizing funding to disadvantaged communities</b>	<b>Facilitating economic growth in communities while fostering sustainability and resiliency</b>	<b>Supporting the “dig once” philosophy</b>
<b>Coordinating with federal, state, and local partners</b>		

## NEW FUNDING

<b>WILL</b>
<ul style="list-style-type: none"> <li>• Support needed projects</li> <li>• Provide grant and loan funds with the majority being grants</li> <li>• Build on the success of the SRF programs</li> </ul>

<b>WILL NOT</b>
<ul style="list-style-type: none"> <li>• Fund 100% of Statewide water infrastructure needs</li> <li>• Violate federal and state statute</li> <li>• Decrease current water rates</li> </ul>

## WHAT FUNDS CAN COMMUNITIES APPLY FOR WITHIN PA 53?

### Infrastructure Investment and Jobs Act

- \$500 million loans and loan forgiveness
- Submit project plans in accordance with SRF process

### American Rescue Plan Act

- \$1 billion grant funding
  - \$600 million drinking water, \$400 million clean water
- Submit project plans in accordance with SRF process

One intent to apply form triggers conversation for multiple sources of funding:  
State Revolving Fund Traditional  
State Revolving Fund Infrastructure Investment and Jobs Act  
American Rescue Plan

## FUNDING PROCESS



**Earmark grants issued by July 2022**



**Communities who applied for 2023 SRF cycle are eligible for IJJA and ARP funding (funding determinations will be made by October 2022)**



**Communities who have not applied for 2023 SRF cycle can apply by November 2022 to be eligible for 2024 funding (funding determinations will be made by October 2023)**

### SRF Project Scoring Criteria

- Defined in statute, Part 54, Safe Drinking Water Assistance, of Public Act 451 of 1994, as amended, and in Administrative Rules for Clean Water

### Calculation of Various Factors

- Severity
- Compliance
- Population
- Disadvantaged
- Type of Project

### SRF Disadvantaged Communities

- Defined in statute, Part 53, Clean Water Assistance, and Part 54, Safe Drinking Water Assistance, of Public Act 451 of 1994, as amended

### Calculation of Various Factors

- Median Household Income
- Operation and Maintenance Costs
- System Debt

## CONTACT INFORMATION

Visit EGLE's Grants and Financing webpage to learn about funding opportunities for your community: [Grants and Financing \(michigan.gov\)](https://www.michigan.gov/grants-and-financing). For general information regarding funding opportunities, contact Water Infrastructure Financing Section staff at 517-284-5433 or email: [EGLE-WIFS@michigan.gov](mailto:EGLE-WIFS@michigan.gov).

**Note: Communities that have already applied for funding have been assigned an EGLE project manager and an engineer to assist them through the process.**

Michigan.gov/EGLE | 800-662-9278

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05/2022