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STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING



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DIRECTOR

November 7, 2018

TO: Fiscal Year 2019 Clean Water State Revolving Fund and  
Strategic Water Quality Initiatives Fund Applicants

FROM:  Karol Patton, Acting Section Manager, Revolving Loan Section  
Drinking Water and Municipal Assistance Division

SUBJECT: Clean Water State Revolving Fund (CWSRF) and  
Strategic Water Quality Initiatives Fund (SWQIF)  
Fiscal Year 2019 Project Priority Lists and Intended Use Plan (IUP)

Attached are the final Fiscal Year (FY) 2019 Project Priority Lists (PPL), and final FY 2019 IUP, which will be used by the Department of Environmental Quality (DEQ) to distribute CWSRF and SWQIF funds. The federal appropriation for the SRF in Michigan's 2018 federal SRF capitalization grant is \$69,014,000. The interest rate for FY19 is 2 percent for 20-year loans and 2.25 percent for 30-year loans.

A fundable range of \$172 million has been established. All projects ready to proceed as identified on the final PPL for FY 19 will receive funding. The DEQ has approximately \$15 million in principal forgiveness to distribute.

There are no projects requesting SWQIF funding for FY 2019.

If you have any questions regarding this material, please feel free to contact the Revolving Loan Section at 517-284-5433.

Attachments

cc: Consulting Engineers for Applicants  
Ms. Laura Cossa, U.S. EPA - Region 5  
Ms. C. Heidi Grether, Director, DEQ  
Mr. Eric Oswald, DEQ  
DEQ, WRD District Office Supervisors

# Michigan Department of Environmental Quality



C. Heidi Grether, Director

INTERNET: <http://www.michigan.gov/cleanwaterrevolvingfund>

## State Revolving Fund and Strategic Water Quality Initiatives Fund Final Intended Use Plan - Fiscal Year 2019

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Prepared by:  
Revolving Loan Section  
Drinking Water and Municipal Assistance Division  
October 2018

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**SRF SWQIF SRF SWQIF SRF SWQIF**

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Attachments:

- SRF Project Priority List for Fiscal Year 2019
- NPS Project Priority List for Fiscal Year 2019
- Fundable SRF Projects by Category for Fiscal Year 2019
- Key to Project Priority List Headings for SRF and SWQIF
- SRF Green Projects
- SRF Disadvantaged Projects

## I. INTRODUCTION

The Michigan Department of Environmental Quality (MDEQ), through the Drinking Water and Municipal Assistance Division (DWMAD), provides a low-interest loan financing program to assist qualified local municipalities with the construction of water pollution control facilities. Michigan's fund is officially known as the Water Pollution Control Revolving Fund. Since its inception in 1989, however, the fund has more commonly been referred to as the State Revolving Fund, or SRF. This is an important distinction to be made because Michigan also offers similar financing programs: The Drinking Water Revolving Fund or DWRF, for drinking water projects, and the Strategic Water Quality Initiatives Fund or SWQIF, for water pollution control projects that are not in public ownership. While these three programs run on parallel tracks, there are some differences in their requirements. It is important that interested parties work with the MDEQ staff to increase their knowledge of these differences.

This Intended Use Plan (IUP) will focus on the SRF and SWQIF. Qualified municipalities must meet the federal and/or state requirements for either program, as well as demonstrate their ability to publicly finance their project and retire project debt. In addition to the loan provided by the MDEQ, borrowers have the option to pay for part of their project with cash and other resources. The Michigan Finance Authority (Authority) is charged with the financial administration of the SRF and SWQIF funds through the Shared Credit Rating Act, 1985 PA 227, as amended. Since 1989, Michigan has awarded over \$4.8 billion in financial assistance to 586 borrowers. The SWQIF has provided \$24 million in financial assistance to 21 borrowers. In fiscal year (FY) 2019, the SRF will fund projects for \$167 million. There are no projects requesting SWQIF funding in FY 2019.

Michigan's SRF program is used by local municipalities to finance construction of their water pollution control projects pursuant to Part 53, Clean Water Assistance, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). These projects may include wastewater treatment plant upgrades or expansions, combined or sanitary sewer overflow abatement, new sewers designed to reduce existing sources of pollution, and other publicly-owned wastewater treatment efforts. The SRF can also fund projects to reduce nonpoint sources (NPS) of water pollution.

The SWQIF was created by the passage of Proposal 2 by Michigan voters in November 2002. The implementation of the SWQIF is codified as Part 52, Strategic Water Quality Initiatives, of the NREPA. The SWQIF is a low-interest revolving loan program that allows qualified municipalities to access financing for the construction of needed water pollution control facilities that cannot qualify for SRF assistance. Two types of projects can be financed under the SWQIF: (1) the on-site upgrade/ replacement of septic systems, and (2) the disconnection of footing drains from privately-owned sump pumps.

This IUP describes how the MDEQ and the Authority will jointly administer all available SRF and SWQIF funds during FY 2019. An IUP is a required part of the process to request the federal 2018 SRF capitalization grant, which will be matched with 20 percent in state match funds. The 2018 capitalization grant allotment for Michigan is \$69,014,000. The DWMAD, Revolving Loan Section (RLS), is charged with carrying out the program administration responsibilities. The Authority is responsible for financial administration of the programs. The United States Environmental Protection Agency (EPA), Region 5, staff continues to offer guidance and annual program oversight reviews that strengthen the management of the SRF and help to ensure consistent application of federal requirements. The SWQIF is a state-funded program that has requirements similar to the SRF.

The relationship between the MDEQ, the Authority, and the EPA is established in an Operating Agreement signed by authorized signatories from each agency. The Operating Agreement is incorporated into this IUP by reference and is available from the MDEQ upon request. The MDEQ certifies that it is recognized by the EPA as the primary agency for management of the SRF program. The priority systems for the SRF and SWQIF were developed by the MDEQ and will be used each FY to determine which projects will have access to SRF and SWQIF assistance. The SRF and SWQIF priority systems were designed to provide low-interest financing to those projects that will have the greatest impact on public health and water quality.

A public hearing for the draft IUP and the Project Priority Lists (PPL) was held on September 19, 2018, at 1:30 p.m. in the Hutchinson Conference Room, Atrium Level – South Tower of Constitution Hall, 525 West Allegan, Lansing, Michigan. The public comment period closed on September 26, 2018. Comments were received and responded to and are reflected in this final IUP.

### **Fiscal Year 2019 Project Funding**

Michigan's 2018 federal SRF capitalization grant is \$69,014,000. Congress mandated that at least 10 percent of all grant funds (\$6,901,400) be provided as additional subsidy to borrowers. The MDEQ plans to provide the entire amount as principal forgiveness. In addition, Congress requires that at least 10 percent of the grant (\$6,901,400) be used for projects that qualify under the Green Project Reserve. All SRF projects funded in FY 2019 must pay their workers the federal Davis Bacon wage rates for their job classification.

## **II. STRUCTURE OF THE SRF**

From 1989 through 1992, Michigan's SRF operated as a direct loan program. Municipalities requested reimbursement for project costs and draws were processed directly upon federal and state funds as they were requested. Since 1992, however, the state has sold State Revolving Fund Revenue Bonds that are secured by federal and state assets (i.e., federal capitalization grant, required state match, loan repayments, and interest earnings). State funds can include General Fund or state match revenue bonds. Bond issuance costs are covered by the bonds sold and, thus, are not identified as direct administrative expenses of the SRF. Historically, the bond issuance costs are approximately one percent of the total bond issue. Project costs of the local units of government are reimbursed from the bond issues.

## **III. STRUCTURE OF THE SWQIF**

Capital for the SWQIF is provided solely by the state of Michigan. SWQIF financing for projects first became available in October of 2003. The structure of the SWQIF is very similar to the SRF and utilizes the same project planning, application, and review/approval process. Like the SRF, the SWQIF can operate as a direct loan program or can provide assistance through the sale of leveraged revenue bonds.

**IV. ADVANTAGES OF THE SRF AND SWQIF**

The primary advantage of the SRF and the SWQIF to Michigan municipalities is the ability to borrow funds below market rate. The following table shows the interest rate history of the SRF program:

<u>Fiscal Year(s)</u>	<u>Interest Rate</u>
1989-1994	2.000%
1995-1998	2.250%
1999-2003	2.500%
2004	2.125%
2005-2007	1.625%
2008-2012	2.500%
2013	2.000%
2014-2017	2.500%
2018	2.000%

Since the SRF's inception, 30-year tax exempt fixed interest rates have ranged from approximately 5 to 8 percent. The relative stability of the SRF has allowed communities to more adequately plan without factoring in major market rate adjustments.

The interest rate for SRF and SWQIF municipal borrowers in FY 2019 was announced at the public hearing. The interest rate decisions are based on loan demand, market conditions, program costs, and future project needs. The interest rate for FY 2019 is 2 percent for 20-year loans and 2.25 percent for 30-year loans.

Apart from the low interest rate, municipalities also benefit from the SRF and SWQIF in that they can finance all eligible water pollution control costs. Municipalities often do not have to seek other sources or enter the market to obtain local share financing. Everything is handled by this "one-stop shopping" concept. The amount of time it takes to commence construction is greatly reduced. This streamlined financing approach has resulted in lower bid costs because of the tighter time frame. A streamlined approach has removed the unexpected elements that occurred when communities would obtain a grant and then have to secure financing for the local share.

The SRF can also be used to fund qualified NPS projects. The MDEQ director annually allocates funds between traditional point source projects and the NPS projects. At least 2 percent of available SRF lending capacity must be allocated to NPS projects that are consistent with Section 319 of the federal Clean Water Act. The MDEQ Director, for FY 2019, proposes to allocate the required 2 percent of lending capacity to NPS projects, enough to fund all NPS projects seeking loan assistance during the year. There are three NPS projects, totaling \$4,130,000, seeking SRF assistance in FY 2019.

**V. PROJECT PRIORITY**

The NREPA requires the SRF and SWQIF to offer assistance in priority order from the state's annual PPLs. The criteria used to prioritize the projects are contained in the NREPA, with details set forth in SRF Administrative Rules (R 323.951 to R 323.965). There is no actual or implied guarantee that inclusion on the PPL or the IUP will constitute a commitment of financial assistance from the SRF or SWQIF. All program requirements must be satisfied before a binding commitment will be offered and a loan closed.

This FY 2019 IUP, as well as the PPL for the SRF, include projects seeking Orders of Approval (the state's binding commitment) between October 1, 2018, and September 30, 2019. Letters will be sent by November 2018 to those communities on the PPL to notify applicants of fundable and contingency projects. Communities with projects in the fundable range must negotiate a milestone schedule with the RLS project manager assigned to their project. Historically, many projects in the contingency range of the PPL have been funded when others in the fundable range fail to satisfactorily meet program requirements in a timely manner. Therefore, it is imperative that municipal officials work closely with the MDEQ and the Authority to ensure that no opportunity for funding is lost.

## VI. GOALS

Michigan's SRF and SWQIF are funding sources used to protect and preserve the water resources within the state's boundaries. As more attention is given to water pollution abatement efforts within specific watersheds, the MDEQ will continue to work toward establishing tighter integration of the federal/state/local partnership. This includes efforts to satisfy EPA that the pace of Michigan's SRF is satisfactory.

The long-term goals for Michigan's SRF and SWQIF are:

**Goal:** *To provide low-cost financing for wastewater system improvements or upgrades while maintaining the perpetuity of the SRF and SWQIF.*

The Authority uses a financial advisor to guide decisions on funding levels, interest rates, and other financing terms. Michigan looks to balance the goals of meeting the capitalization grant requirements (i.e., additional subsidies, green projects, Davis Bacon, signage), while maintaining the SRF and SWQIF programs in perpetuity.

**Goal:** *To achieve and maintain statewide compliance with all applicable state and federal laws, rules, and standards while protecting the public health and environmental quality of our state.*

Protection of the state's waters will ultimately benefit everyone. Industry, tourism, the economy, and quality of life are strengthened when our water resources are preserved for our use and enjoyment. This includes the improvement of existing surface waters that suffer impairment, protection of groundwater from improperly treated discharges, reduction of harmful discharges from sanitary and combined sewer overflows, and protection of aquatic ecosystems that cannot thrive in conditions of degraded water quality. The MDEQ will also integrate principles of watershed management and water quality restoration within urban areas, as well as out-state areas.

**Goal:** *To continue effective partnerships with other federal and state financing sources to promote efficiency in environmental review procedures and coordination of funding.*

Given the limitations on pooled capital, the MDEQ continues to work together with various federal and state agencies, such as the U.S. Department of Agriculture - Rural Development, Rural Community Assistance Program, Michigan Department of Transportation, Michigan Economic Development Corporation, and the Michigan Department of Licensing and Regulatory Affairs, so that we may collectively fund qualifying projects and maximize use of our capital pool to achieve stated goals. Such partnerships ultimately benefit everyone, especially small population/low-income communities.

**Goal:** *Increase awareness and use of the SRF and SWQIF programs to complete projects.* The MDEQ will continue to use effective outreach methods, such as: direct mail, electronic media, newsletter publication, and informational meetings to publicize and encourage use of the financial assistance.

In order to accomplish the long-term goals, we must also focus on more immediate objectives. Therefore, our short-term goals for FY 2019 are:

**Goal:** *Secure Michigan's full share of federal funding and to expeditiously obligate these monies, along with the state contribution.*

The MDEQ has prepared and identified on the FY 2019 PPL all projects that are willing and able to progress to loan closing consistent with a project milestone schedule for the construction of eligible facilities. All projects receiving SRF funds in FY 2019 will issue a Notice to Proceed within 60 days of the loan closing.

**Goal:** *Ensure that the additional requirements of the 2016, 2017 and 2018 capitalization grants are met, including those that are imposed on local borrowers.*

Congress has directed that at least 10 percent of the 2016 through 2018 capitalization grants be allocated to Green Project Reserve. The MDEQ solicited green infrastructure, water/energy efficient, and environmentally innovative projects for the FY 2019 PPL. The MDEQ required and approved business cases for projects that are not determined as a categorically Green Project as described in the EPA's FY 2011 SRF Procedures.

Congress mandated that at least 10 percent of the 2016 through 2018 capitalization grants be provided as additional subsidy to borrowers. The MDEQ plans to provide the additional subsidy as principal forgiveness. Congress also requires all SRF projects funded in FY 2019 to pay their workers the federal Davis Bacon wage rates for their job classification.

**Goal:** *Ensure compliance with the Water Resources Reform and Development Act (WRRDA).*

The MDEQ developed guidance for communities and their consultants on WRRDA requirements. WRRDA compliance includes:

1. The qualifications based selection process must be utilized when procuring architectural and engineering services.
2. Loans will continue to be made for 20 years, assuming the projected useful life of the project is 20 years or greater. Loan terms can now be extended to 30 years if a community is determined to be disadvantaged and the projected useful life of the project is 30 years or greater.
3. A community must develop and implement a fiscal sustainability plan for the critical assets of the treatment works, including a certification that the community has evaluated and implemented water and energy conservation efforts as part of the fiscal sustainability plan.
4. All projects noted on the PPL that intend to proceed with a loan in FY 2019 are identified as equivalency projects for EPA reporting purposes.
5. All communities, absent a waiver, are required to use iron and steel products that are produced in the United States for construction, alterations, maintenance, and repair of treatment works projects on the FY 2019 PPL.



## VII. ALLOCATION OF FUNDS FOR SRF

The establishment of a fundable range for any given FY entails a series of steps that culminate in a determination of how much fund resources can support. Using a series of interest rate assumptions (SRF loan rate, return on investment rates, and revenue bond rate), the process for FY 2019 is outlined below:

1. The MDEQ reviewed the total amount of loans committed through September 30, 2018, and other amounts that affect the SRF.

Total loan commitments through 9/30/2018	\$4,851,640,000
Total revenue bonds issued to date	\$3,671,099,100

2. To establish an estimate of fund capabilities, the MDEQ assumed that the capitalization grant would remain constant (for planning purposes only). The current FY 2018 SRF appropriation for Michigan is \$69 million. A state match contribution from the General Fund will not be available, necessitating the generation of state match needs from within the fund via the issuance of a state match bond.
3. The MDEQ then looked at how much the SRF could support using a five-year forecast at varying capitalization levels and interest rates. The capacity analysis assumes no Proposal 2 capitalization funds.

The MDEQ's fundable range is \$167 million. The total amount of projects seeking SRF loans in FY 2019 is \$167 million (amount taken from the SRF PPL). The total amount includes \$4,130,000 in NPS projects seeking assistance.

The provision of additional subsidy is a requirement of the FY 2016, 2017 and 2018 capitalization grants. The additional subsidy will be in the form of principal forgiveness and will not exceed \$15,802,777 in FY 2019. When principal forgiveness is provided from available loan proceeds to projects, it greatly reduces the amount of assets returning to the SRF as loan repayments, which could be used to make future loans.

Principal forgiveness will be made available for projects with green components expected to close on a loan in FY 2019. The principal forgiveness amount will be calculated as 16 percent of the estimated project cost as of September 1, 2018.

Principal forgiveness will also be provided to communities that qualify as disadvantaged. If a community has a green project and qualifies as disadvantaged, the community can only receive principal forgiveness under one element (green or disadvantaged). No community will receive principal forgiveness as green **and** disadvantaged. Communities determined to be disadvantaged with green projects will be awarded the higher of the two qualifying category amounts. The amount provided to disadvantaged communities as principal forgiveness will be calculated as 75 percent of the estimated project cost as of September 1, 2018.

The MDEQ reserves the right to limit projects to the PPL binding commitment amount.

**VIII. SRF PROGRAM ASSETS**

The following list provides the SRF program assets prior to the start of FY 2019. Funds drawn from leveraged bond issues will be used to pay program expenses and make loans to communities.

Capitalization Grant Amount	\$69,014,000
State Match Amount	\$13,802,800

**IX. ALLOCATION OF FUNDS FOR SWQIF**

As additional projects apply for SWQIF loans, the SWQIF can be established as a leveraged program. Using a series of interest rate assumptions (project demand, loan rate, return on investment rates, and revenue bond rate), the establishment of a fundable range can be completed. There are no projects requesting SWQIF funding in FY 2019.

**X. ASSURANCES**

The final guidelines from the EPA set forth provisions that the state must provide certain assurances in order to qualify for capitalization grant funding. Such assurances are incorporated into the Operating Agreement and are included here by reference. All funded projects in FY 2019 will comply with the federal crosscutters and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**XI. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

The state of Michigan will provide financial assistance from the SRF to municipalities in the relative order that they appear on the PPLs developed for the FY covered by this IUP. It is probable, however, that lower-ranked communities will receive money sooner if higher-ranked communities are not ready to proceed.

The FY 2019 SRF and NPS PPLs are included as part of the IUP and were presented as part of the public hearing. As a result of the MDEQ's review, 18 SRF projects totaling \$167,030,000 have expressed their intent to proceed in FY 2019 and are included on the FY 2019 SRF PPL. Staff also identified 28 projects and/or segments equaling \$158,030,000 that will be considered for funding in the future. There are three projects on the FY 2019 NPS PPL, totaling \$4,130,000.

Thus, 46 different projects totaling \$324,640,000 are identified on the SRF PPL, along with a brief description, their total priority points, population to be served, targeted binding commitment date, and targeted binding commitment amount. The attached Key to Project Priority List Headings identifies the project priority categories in which each project received points on the SRF PPL. The Scoring Detail is included for the NPS PPL. The draft FY 2019 PPLs for the SRF are included as part of the IUP process, and were presented as part of the public hearing notification package. Additional copies of the PPLs are available from the RLS.

Section 5309 of the NREPA permits the MDEQ to limit funding in certain circumstances to maximize funds and achieve greater environmental gains. It reads:

To ensure that a disproportionate share of available funds for a given fiscal year is not committed to a single sewage treatment work project or stormwater project, the department may segment a sewage treatment work project if either of the following criteria is present:

(a) The cost of the proposed project is more than 30% of the amount available in the fund.

(b) Upon application of a municipality, the department has approved a municipality's application for segmenting a project.

**The MDEQ will implement these provisions as shown on the final SRF PPL.**

SRF program administration costs will be charged to the capitalization grant and will not exceed 4 percent of the grant amount, which is \$2,760,500.

Financial assistance to municipalities during FY 2019 will consist solely of loans. There will be no guarantees of indebtedness. Cash draw disbursements from any open capitalization grant will be at 83.33 percent (federal) and 16.67 percent (state).

## **XII. DISADVANTAGED COMMUNITY STATUS**

Disadvantaged community status is determined by the MDEQ based on information submitted with a project plan. To qualify, an applicant must first meet the definition of "municipality" found in Part 53 of the NREPA. Next, the updated median annual household income (MAHI) of the area to be served must be less than 120 percent of the state's updated MAHI. Finally, the costs of the project must be borne by the customers in the service area. If costs are spread over a larger area, then that area must demonstrate that it meets the poverty or affordability criteria.

Once these conditions are met, a community will be awarded the disadvantaged community status if one of the following is true:

- More than 50 percent of the area to be served by the proposed project is identified as a poverty area by the U.S. Census Bureau.
- The updated MAHI of the area to be served is less than the most recently published federal poverty guidelines for a family of four in the contiguous United States.
- The updated MAHI is less than the updated statewide MAHI, and the annual user costs for water supply exceed 1 percent of the service area's MAHI.
- The updated MAHI is more than the updated statewide MAHI, and the annual user costs for water supply exceed 3 percent of the service area's MAHI.

The major benefit for qualified communities is an additional 50 priority points. There are five projects, city of Muskegon, city of Pontiac, Grant Township, Kinross Township, and city of South Haven, on the FY 2019 PPL that qualify for disadvantaged community status. A complete discussion of the disadvantaged community status may be found in a guidance document prepared by the MDEQ to more fully explain how a community can achieve the

status and benefit from it. RLS staff encourages all applicants to supply the pertinent data to allow the MDEQ to perform a disadvantaged community status analysis.

### **XIII. PUBLIC REVIEW AND COMMENT**

In order to satisfy public participation requirements, the MDEQ held a public hearing on the SRF and SWQIF IUP and PPLs (including the NPS PPL) on September 19, 2018. The hearing was announced in newspapers throughout the state, published in the MDEQ Calendar of Events, individually noticed to each municipality and its consultant engineer on the proposed draft FY 2019 PPLs, and sent to interested parties.

Items addressed at the public hearing include Michigan's draft PPLs for the SRF/SWQIF, the draft IUP, priority point assignments, planned funding schedules, proposed affordability criteria, and proposed binding commitment amounts for projects that might be assisted with SRF/SWQIF moneys during FY 2019. The hearing provides an opportunity for municipalities and other interested parties to comment and to request changes to their project's ranking criteria. Two communities requested FY 19 funding for projects listed as future on the draft IUP. The final IUP reflects these changes.

Questions about the public hearing, the PPLs, or this IUP may be directed to:

**Ms. Karol Patton, Acting Manager**  
**Revolving Loan Section**  
**Drinking Water and Municipal Assistance Division**  
**Michigan Department of Environmental Quality**  
**P.O. Box 30817**  
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**Michigan Finance Authority**  
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**Richard H. Austin Building**  
**P.O. Box 15128**  
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### **XIV. ORIGINATION OF DOCUMENTS**

The DWMAD is responsible for issuing the SRF IUP and its accompanying information.



## Department of Environmental Quality Current PPL

SRF

Rank	Project #	Project Name, Location and Description			Water Quality Severity Pts					Fal OSSS	Spig Rec	Enf Pts	Dis Pts	Population	Pop Pts	Exist. Disch	Rec Waters	Dil Ratio	Rat Pts	Tot Pts	Bind. Com Date	Bind. Com Amount	
					DO	NUT	TOX	MICR	GWD														Tot
<b>PROJECTS WITH PRIOR YEAR SEGMENTS</b>																							
1	5642-02	Clinton River Water	City of Pontiac	WWTP Auburn & East Facilities	23	0	0	0	0	23	0	0	300	50	61,055	95	27.27	7.5	>.6000	100	568	Future	\$22,825,000
2	5647-02	City of St Joseph	Berrien County	CSO improv	0	0	0	27	0	27	0	0	300	0	8,625	80	0.674	2,440	0.0003	40	447	08/09/2019	\$10,000,000
3	5602-99	City of South Haven	Van Buren County	CS & WWTP Improv	0	0	0	27	0	27	0	0	50	10,425	85	0.12	120	0.0010	40	202	Future	\$9,000,000	
3	5602-02	City of South Haven	Van Buren County	CS & WWTP Improv	0	0	0	27	0	27	0	0	50	10,425	85	0.12	120	0.0010	40	202	05/17/2019	\$5,055,000	
4	5655-02	Great Lakes Water	Wayne County	Financial segment DRI	0	0	0	0	0	0	0	0	0	3,100,000	100	609	130,000	0.0047	55	155	05/17/2019	\$11,195,000	
5	5652-02	Monroe County Drain	Bedford WWTP	WWTP & pump station upgrades	0	0	0	0	0	0	0	0	0	28,426	90	2,974	0	0	25	115	02/28/2019	\$8,880,000	
<b>PROJECTS WITHOUT PRIOR YEAR SEGMENTS</b>																							
6	5659-01	Macomb Interceptor	Macomb County	Recovery Shaft Inter Rehab Seg 3	100	8	0	27	0	135	0	0	300	0	500,437	100	42.1033	86.7667	0.4852	85	620	Future	\$22,720,000
6	5659-02	Macomb Interceptor	Macomb County	Recovery Shaft Inter Rehab Seg 4	100	8	0	27	0	135	0	0	300	0	500,437	100	42.1033	86.7667	0.4852	85	620	Future	\$18,110,000
6	5659-03	Macomb Interceptor	Macomb County	Recovery Shaft Inter Rehab Seg 5	100	8	0	27	0	135	0	0	300	0	500,437	100	42.1033	86.7667	0.4852	85	620	08/09/2019	\$25,430,000
7	5005-25	City of Lansing	Ingham County	CSO separation	8	5	0	27	0	40	0	0	300	0	70,801	95	2.24	210	0.0107	70	505	Future	\$31,700,000
7	5005-24	City of Lansing	Ingham County	CSO separation	8	4	0	27	0	39	0	0	300	0	62,301	95	3.34	170	0.0196	70	504	Future	\$15,200,000
8	5674-01	Grant Township	Houghton County	WWTP imprv	0	0	0	0	0	0	0	100	300	50	140	30	0.03	99,999,999	<.0002	25	505	02/28/2019	\$1,060,000
9	5611-03	Kinross Township	Chippewa County	Food waste to energy at WWTP	0	0	0	0	0	0	0	0	0	50	7,276	80	0.62	.7	>.6000	100	230	02/28/2019	\$3,050,000
10	5675-01	City of Muskegon	Muskegon County	Sewr rehab & replc, PS replc	0	0	0	0	0	0	0	0	0	50	38,500	90	22.6	1,020	0.0222	70	210	08/09/2019	\$7,645,000
11	5679-01	City of Muskegon	Muskegon County	Sewr rehab & replc, PS replc	0	0	0	0	0	0	0	0	0	50	38,500	90	22.6	1,020	0.0222	70	210	Future	\$10,990,000
12	5676-01	YCUA	Washtenaw County	Tert filt impr, incinr impr	0	0	0	0	0	0	0	0	0	0	308,890	100	26.2	.3	>.6000	100	200	02/28/2019	\$8,545,000
13	5547-01	City of East Lansing	Ingham County	Collection system improv	0	0	0	0	0	0	0	0	0	0	88,267	95	11.96	14	>.6000	100	195	Future	\$815,000
14	5632-01	City of East Lansing	Ingham County	Swr impr, PS replac, WWTP imprv	0	0	0	0	0	0	0	0	0	0	88,267	95	12.6	14	>.6000	100	195	02/28/2019	\$48,965,000
15	5677-01	City of East Lansing	Ingham County	Collection System improv(future)	0	0	0	0	0	0	0	0	0	0	88,267	95	12	26.5	0.4528	85	180	Future	\$3,230,000
16	5672-01	City of Lansing	Ingham County	Interceptor	0	0	0	0	0	0	0	0	0	0	87,110	95	13.2	95	0.1389	85	180	08/09/2019	\$16,600,000
17	5673-01	Great Lakes Water A	WRRF	Rehab PS-1 Ferric CL Sys	0	0	0	0	0	0	0	0	0	0	3,100,000	100	587.7	130,000	0.0045	55	155	08/09/2019	\$10,300,000
18	5645-01	Armada Village	Macomb County	Sewer & manhole rehab, Colonial	0	0	0	0	0	0	0	0	0	0	1,730	55	0.644	.1	>.6000	100	155	05/17/2019	\$2,175,000
19	5658-01	City of Tecumseh	Lenawee County	WWTP transf, actuator, swr rehab	0	0	0	0	0	0	0	0	0	0	8,393	80	0.713	13	0.0548	70	150	Future	\$3,130,000
20	5662-01	Monroe County Drain	Bedford WWTP	Sewer rehab	0	0	0	0	0	0	0	0	0	0	28,426	90	2,974		0	25	115	02/28/2019	\$2,300,000

Project Type: SRF Loan    Fiscal Year: 2019    Include 4th Quarter From Previous FY: No  
 Friday, October 05, 2018 3:32 PM



# Department of Environmental Quality

## Current PPL

SRF

21	5671-01	Village of Carleton	Monroe County	Sewer rehab	0	0	0	0	0	0	0	0	0	0	0	0	0	2,110	60	0.41	0	25	85	02/28/2019	\$1,700,000
Total 25 Projects																							\$300,620,000		



## Department of Environmental Quality Current PPL

NPS

Rank	Project #	Project Name, Location and Description			Water Quality Points					Enf Points	High Quality	Ongoing Int	Use Value	Local Part	Total Points	Bind. Com Date	Bind. Com Amount
					MICR	PHO	NIT	TSS	Tot								
	5353-01	Allen Creek DD	Ann Arbor	NPS- Detroit St. SW	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,090,000
	5479-02	Malletts Creek Drain DD	Ann Arbor	NPS-Research Park Detention SBS	80	80	80	80	320	0	0	100	200	0	620	Future	\$670,000
	5506-02	Malletts Creek Drain DD	Ann Arbor	NPS-South 7th St (Greenview to S	80	80	80	80	320	0	0	100	200	0	620	Future	\$650,000
	5506-03	Malletts Creek Drain DD	Ann Arbor	NPS-Lawton Park Detention Basin	80	80	80	80	320	0	0	100	200	0	620	Future	\$5,155,000
	5506-04	Malletts Creek Drain DD	Ann Arbor	NPS-Churchill Downs Park	80	80	80	80	320	0	0	100	200	0	620	08/09/2019	\$2,240,000
	5598-01	Huron River Green	Washtenaw County	SBS trib Huron Riv Huron Hills	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,300,000
	5514-01	Malletts Creek Drain DD	Ann Arbor	NPS-Brianwood Mall Basins	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,200,000
	5597-01	Malletts Creek Drain DD	Ann Arbor	NPS-Scio Church Rd (Main to 7th)	80	80	0	80	240	0	0	100	200	0	540	Future	\$220,000
	5626-01	Huron River Green	Ann Arbor	NPS-Millers Creek SBS	80	80	0	80	240	0	0	100	200	0	540	08/09/2019	\$1,470,000
	5479-01	Malletts Creek Drain DD	Ann Arbor	NPS-Malletts Crk Dr Dist SS	80	80	0	80	240	0	0	100	200	0	540	Future	\$2,770,000
	5668-01	Traver Creek DDD	Ann Arbor	NPS- Traver Creek SBS	80	0	0	80	160	0	0	100	200	0	460	Future	\$1,000,000
	5670-01	Traver Creek DDD	Ann Arbor	NPS- Nixon Rd Huron Pkwy	80	0	0	80	160	0	0	100	200	0	460	Future	\$900,000
	5504-08	Huron River Green	Ann Arbor	NPS-Trees	50	50	0	50	150	0	0	0	0	200	350	08/09/2019	\$420,000
	5504-09	Huron River Green	Ann Arbor	NPS-Trees	50	50	0	50	150	0	0	0	0	200	350	Future	\$420,000
	5509-02	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd BMPs	0	50	0	0	50	0	0	100	200	0	350	Future	\$710,000
	5480-01	Huron River Green	Ann Arbor	NPS-Millers Crk SBS	80	80	0	80	240	0	0	100	0	0	340	Future	\$650,000
	5669-01	Malletts Creek Drain DD	Ann Arbor	NPS- Chalmers Drive SW Improve	80	0	0	80	160	0	0	100	0	0	260	Future	\$475,000
	5663-01	Malletts Creek Drain DD	Ann Arbor	NPS- Pioneer HS SW Basin	80	0	0	80	160	0	0	100	0	0	260	Future	\$1,170,000
	5664-01	Malletts Creek Drain DD	Ann Arbor	NPS-Scio Church Maple to 7th	80	0	0	80	160	0	0	100	0	0	260	Future	\$350,000
	5667-01	Huron River Green	Ann Arbor	NPS-Geddes Church to Highland	80	0	0	80	160	0	0	100	0	0	260	Future	\$780,000
	5666-01	Allen Creek DD	Ann Arbor	NPS - 5th Ave Kingsley Catherine	80	0	0	0	80	0	0	100	0	0	180	Future	\$380,000
<b>Total 21 Projects</b>																<b>\$24,020,000</b>	

### Final Fundable State Revolving Loan Fund Projects for Fiscal Year 2019 - By Category

Project #	Secondary Treatment CatI	Advanced Treatment CatII	Infiltration/ Inflow CatIIIA	Sewer System Rehabilitation CatIIIB	New Collector Sewers CatIVA	New Interceptors CatIVB	CSO Correction CatV	Storm Water Management CatVI	Non Point Source CatVII	Totals
5504-08								\$420,000	\$420,000	
5506-04								\$2,400,000	\$2,240,000	
5602-01	\$3,001,199			\$2,053,801					\$5,055,000	
5611-03		\$3,050,000							\$3,050,000	
5626-01								\$1,470,000	\$1,470,000	
5632-01				\$48,965,000					\$48,965,000	
5645-01	\$1,336,908			\$838,092					\$2,175,000	
5647-02							\$10,000,000		\$10,000,000	
			\$2,000,000							
5652-02	\$8,880,000								\$8,880,000	
5655-02				\$11,195,000					\$11,195,000	
5659-03				\$25,430,000					\$25,430,000	
5662-01				\$2,300,000					\$2,300,000	
5671-01			\$1,700,000						\$1,700,000	
5672-01				\$16,600,000					\$16,600,000	
5673-01	\$10,300,000								\$10,300,000	
5674-01	\$1,060,000								\$1,060,000	
5675-01				\$7,645,000					\$7,645,000	
5676-01		\$8,545,000							\$8,545,000	
	\$24,578,107	\$11,595,000	\$3,753,801	\$112,973,092	\$0	\$0	\$10,000,000	\$0	\$4,130,000	\$167,030,000

# of projects          6                  2                  2                  8                  -                  -                  1                  -                  4



# Michigan Department of Environmental Quality,

Drinking Water and Municipal Assistance Division, Revolving Loan Section

## State Revolving Fund (SRF) SRF Nonpoint Source (NPS) Strategic Water Quality Initiatives Fund (SWQIF) Priority List Ranking For SRF/NPS/SWQIF Projects

AS REQUIRED BY PUBLIC LAW 92-500 (SRF), AS AMENDED, AND PARTS 52 (SWQIF) and 53 (SRF), ACT NO. 451 OF PA OF 1994

### KEY TO PROJECT PRIORITY LIST HEADINGS

HEADING	DEFINITION
Rank	Order of eligibility for State Revolving Fund (SRF)/Strategic Water Quality Initiatives (SWQIF) loan funding in accordance with <b>total points assigned.</b>
Project Number	The identification number assigned to a project.
Project Name and Description	Name and location of applicant municipality. May include an additional identification when the applicant is a county or when more than one project is within the applicant area. The description identifies the basic type of project.
Water Quality Severity Pts	Points based on the pollutant load or the receiving water impairment that the proposed project will abate. The project is assessed in categories (0-100 points each): <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>1. DO = Dissolved Oxygen</p> <p>2. NUT = Nutrients</p> <p>3. TOX = Toxic Materials</p> <p>4. MICR = Microorganisms</p> <p>5. GWD = Groundwater Discharge</p> <p>Tot = Total Water Quality Severity Points</p> </div> <div style="width: 45%;"> <p>NPS (0-100 points each)</p> <p>1. MICR = Microorganisms</p> <p>2. PHO = Phosphorus</p> <p>3. NIT = Nitrogen</p> <p>4. TSS = Total Suspended Solids</p> </div> </div>
Fal OSSS	Failing On Site Septic Systems: Points (100) are assigned for projects addressing on site system failures where conditions prevent replacement, necessitating off site remedy. (SRF Only)
Sptg Rec	Septage Receiving: Points (100) are assigned if the project includes the construction of septage receiving facilities. (SRF Only)
Enf Pts	Enforcement points (300) / (200 for NPS) are assigned if the project is necessary to comply with a construction schedule established by an order, permit, or other document issued by the director or entered as part of an action brought by the state against a municipality.
High Quality	High Quality: Points (200) are assigned if the watershed maintains high quality water once the project is implemented. (NPS)
Ongoing Int	Ongoing Initiative: Points (100) are assigned if there is ongoing local, state, or federal NPS initiatives in the watershed or project area. (NPS)
Use Value	High Public Use: Points (200) are assigned if the watershed has high public use. (NPS)
Local Part	Local Participation: Points (200) are assigned if there is a landowner or municipal willingness to participate in controlling NPS in the watershed or project area. (NPS)
Dis Pts	Disadvantaged Community: Points (50) are assigned to any municipality wastewater facility qualifying as a disadvantaged.
Pop Pts	Population points (30-100) are based upon the total existing residential population to be served by the project submitted. (SRF Only)
Exist. Disch	Existing flow discharged (mgd)
Rec Waters	Expected flow of the receiving waters during the period of discharge.
Dil Ratio/Rat Pts	The dilution ratio points (25-100) are based upon a ratio derived from the existing flow discharged (Exist. Disch), divided by the expected flow of the receiving waters (Rec Waters) during the period of discharge.
Tot Pts	The sum of the above comprises the total points assigned to each project for determining rank.
Bind. Com Date	The date projected by DEQ, based on the applicant's intentions, that it will issue a binding commitment for an SRF/SWQIF loan. Projects designated as "future" intend to receive a loan in the next fiscal year or later (up to 4 years from current date).

HEADING	DEFINITION
Bind. Com Amount	The estimated dollar amount of the SRF/SWQIF loan.
PROJECTS WITH PRIOR YEAR SEGMENTS	As specified by law and rule, after funding assistance for the first segment of a project is accepted, remaining segments retain first priority for funding assistance on the next three fiscal year Project Priority Lists. Project segments are ranked in order of total points.
PROJECTS WITHOUT PRIOR YEAR SEGMENTS	No segments of the listed project have been funded in the prior three fiscal years. Projects are ranked in order of total points.

**Note:** These criteria are specified in the Department of Environmental Quality's State Administrative Rules 323.958 (Rule 8) and 323.961 (Rule 11) and Parts 52 & 53 of Act No. 451 of PA of 1994.

**Michigan Department of Environmental Quality  
State Revolving Fund Green Projects  
for Fiscal Year 2019 in DRAFT Project Priority List Order**

Project No.	Loanee	Location	Description	Green Project Amount	Estimated Principal Forgiveness Amount	Bind Com Amt	Type of GPR	
							Categorical	Business Case
5611-03	Kinross Twp	Chippewa County	Food Waste to Energy WWTP	\$3,050,000	\$488,000*	\$3,050,000	X	
5632-01	City of East Lansing	Ingham County	Swr impr, PS replac, WWTP imprv	\$12,111,000	\$1,938,000	\$48,965,000		X
5506-04	Malletts Creek Drain DD	Ann Arbor	NPS-Churchill Downs Park	\$442,500	\$71,000	\$2,240,000	X	
5626-01	Huron River Green	Ann Arbor	NPS-Millers Creek Stream Bank Stabilization	\$1,470,000	\$235,000	\$1,470,000	X	
5504-07	Huron River Green	Ann Arbor	NPS-Trees Planting	\$420,000	\$50,000	\$420,000	X	
5504-08	Huron River Green	Ann Arbor	NPS-Trees	\$420,000	\$67,000	\$420,000	X	
<b>5 Projects</b>				<b>\$ 17,913,500</b>	<b>\$ 2,361,000</b>	<b>\$ 56,565,000</b>		

5353-01	Allen Creek DD	Ann Arbor	NPS-Detroit St. SW	\$1,090,000		\$1,090,000	X	
5479-02	Malletts Creek Drain DD	Ann Arbor	NPS-Research Park Detention SBS	\$670,000		\$670,000	X	
5479-01	Malletts Creek Drain DD	Ann Arbor	NPS-Malletts Crk Dr Dist SS	\$2,770,000		\$2,770,000	X	
5506-02	Malletts Creek Drain DD	Ann Arbor	NPS-South 7th St (Greenview to Scio Church)	\$650,000		\$650,000	X	
5506-03	Malletts Creek Drain DD	Ann Arbor	NPS-Lawton Park Detention Basin	\$100,000		\$5,155,000	X	
5514-01	Malletts Creek Drain DD	Ann Arbor	NPS-Briarwood Mall Basins	\$1,200,000		\$1,200,000	X	
5598-01	Huron River Green	Washtenaw County	NPS-SBS unnamed trib Huron R Huron Hills GC	\$1,300,000		\$1,300,000	X	
5597-01	Malletts Creek Drain DD	Ann Arbor	NPS-Scio Church Rd (Main to 7th St)	\$220,000		\$220,000	X	
5668-01	Traver Creek DDD	Ann Arbor	NPS-Traver Creek Stream Bank Stabilization	\$1,000,000		\$1,000,000	X	
5670-01	Traver Creek DDD	Ann Arbor	NPS-Nixon Rd Huron Pkwy	\$900,000		\$900,000	X	
5504-09	Huron River Green	Ann Arbor	NPS-Trees	\$420,000		\$420,000	X	
5509-02	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd BMPs	\$710,000		\$710,000	X	
5480-01	Huron River Green	Ann Arbor	NPS-Millers Crk SBS	\$650,000		\$650,000	X	
5663-01	Malletts Creek Drain DD	Ann Arbor	NPS-Pioneer HS SW Basin	\$1,170,000		\$1,170,000	X	
5664-01	Malletts Creek Drain DD	Ann Arbor	NPS Scio Church Maple to 7th	\$350,000		\$350,000	X	
5667-01	Huron River Green	Ann Arbor	NPS-Geddes Church to Highland	\$780,000		\$780,000	X	
5669-01	Malletts Creek Drain DD	Ann Arbor	NPS-Chalmers Drive SW Improve	\$475,000		\$475,000	X	
5666-01	Allen Creek DD	Ann Arbor	NPS-5th Ave Kingsley Catherine	\$380,000		\$380,000	X	
<b>18 Projects</b>				<b>\$14,835,000</b>		<b>\$19,890,000</b>		

\*If a community has a green project and qualifies as disadvantaged, the community can only receive principal forgiveness under one element (green or disadvantaged). A community determined as disadvantaged with green project components will be awarded the HIGHER principal forgiveness of the two qualifying category amounts.

Principal Forgiveness Allocation:

Calculated at 16 percent of the estimated green project amount.

Disadvantaged Projects	\$8,880,000
GPR Projects	\$2,361,000
<b>Total amount available as principal forgiveness:</b>	<b>\$11,241,000</b>

**Michigan Department of Environmental Quality  
 State Revolving Fund Disadvantaged Projects  
 for Fiscal Year 2019 in DRAFT Project Priority List Order**

Project No.	Loanee	Location	Description	Estimated Principal Forgiveness Amount	Bind Com Amt
5674-01	Grant Township	Houghton County	WWTP imprv	\$795,000	\$1,060,000
5611-03	Kinross Twp*	Chippewa County	Food waste to energy at WWTP	\$2,287,500	\$3,050,000
5675-01	City of Muskegon	Muskegon County	Sewr rehab & replc, PS replc	\$5,797,500	\$7,730,000

3 Projects

\$ 8,880,000 \$ 11,840,000

Disadvantaged communities will receive principal forgiveness calculated at 75 percent of the estimated project cost as September 1, 2018

\*If a community has a green project and qualifies as disadvantaged, the community can only receive principal forgiveness under one element (green or disadvantaged). A community determined as disadvantaged with green project components will be awarded the HIGHER principal forgiveness of the two qualifying category amounts.