

State of Michigan
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**State Revolving Fund
Strategic Water Quality Initiatives Fund
Final Intended Use Plan - Fiscal Year 2016**

Prepared by:
Revolving Loan Section
Office of Drinking Water and Municipal Assistance
September 2015

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SRF SWQIF SRF SWQIF SRF SWQIF

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SRF Final Project Priority List for Fiscal Year 2016
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I. INTRODUCTION

The Michigan Department of Environmental Quality (DEQ) through the Office of Drinking Water and Municipal Assistance (ODWMA) 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 DEQ staff to increase their knowledge of these differences.

This final 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 DEQ, 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 \$4.4 billion in financial assistance to 551 borrowers. The SWQIF has provided \$24 million in financial assistance to 21 borrowers. In fiscal year (FY) 2016, the SRF will fund projects for \$228 million. There are no projects requesting SWQIF funding in FY 2016.

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 (NREPA), 1994 PA 451. 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, of the NREPA, 1994 PA 451, as amended. 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 final IUP describes how the DEQ and the Authority will jointly administer all available SRF and SWQIF funds during FY 2016. An IUP is a required part of the process to request the federal 2015 SRF capitalization grant, which will be matched with 20 percent in state match funds. The 2015 capitalization grant allotment for Michigan is \$59,978,000. This amount includes the 0.66-percent across-the-board federal funding rescission passed in June 2015. The Revolving Loan Section (RLS) of the ODWMA 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 DEQ, 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 final IUP by reference and is available from the DEQ upon request. The DEQ 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 DEQ and will be used each fiscal year 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 16, 2015.

American Recovery and Reinvestment Act

In FY 2009, Michigan received additional SRF capitalization of \$168,509,000 through the American Recovery and Reinvestment Act of 2009 (ARRA), the federal stimulus bill. Sixty-seven (67) projects received low-cost financing through ARRA. Fifty-eight (58) projects have completed construction as of September 23, 2015.

Fiscal Year 2016 Project Funding

Michigan's 2015 federal SRF capitalization grant is \$59,978,000. Congress mandated that no more than 30 percent of all grant funds (\$17,993,400) be provided as additional subsidy to borrowers. The DEQ plans to provide the entire amount as principal forgiveness. In addition, Congress also requires that at least 10 percent of the grant (\$5,997,800) be used for projects that qualify under the Green Project Reserve. All SRF projects funded in FY 2016 must pay their workers the federal Davis Bacon wage rates for their job classification and comply with the American Iron and Steel provisions.

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 1 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</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%
2014-2015	2.500%

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 2016 was announced at the public hearing. The interest rate is 2.5 percent for a 20-year loan and 2.75 percent for a 30-year loan. The interest rate decisions are based on loan demand, market conditions, program costs, and future project needs.

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 timeframe. 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 DEQ 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 DEQ Director, for FY 2016, 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 \$4,505,000, seeking SRF assistance in FY 2016.

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 (R323.951 to R323.965). 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 final FY 2016 IUP, as well as the PPLs for the SRF and the SWQIF, include projects seeking Orders of Approval (the state's binding commitment) between October 1, 2015, and September 30, 2016. Letters will be sent in October 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 DEQ 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 DEQ 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 MFA 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, American Iron and Steel), 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 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 the protection of aquatic ecosystems that cannot thrive in conditions of degraded water quality. The DEQ 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 DEQ continues to work together with various federal and state agencies, such as the U.S. Department of Agriculture - Rural Development, Rural Community Assistance Program 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 DEQ 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 2016 are:

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

The DEQ has prepared and identified on the FY 2016 final 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 2016 will issue a Notice to Proceed within 60 days of the loan closing.

Goal: *Ensure that the additional requirements of the 2014 and 2015 capitalization grants are met, including those that are imposed on local borrowers.*

Congress has directed that at least 10 percent of the 2014 and 2015 capitalization grants be allocated to Green Project Reserve. The DEQ solicited green infrastructure, water/ energy efficient and environmentally innovative projects for the FY 2016 PPL. The DEQ 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. Business cases will be posted on the DEQ website once the projects are funded.

Congress mandated that no more than 30 percent of the 2015 capitalization grant be provided as additional subsidy to borrowers. The DEQ plans to provide the additional subsidy as principal forgiveness. Congress also requires all SRF projects funded in FY 2016 pay their workers the federal Davis Bacon wage rates for their job classification; comply with the American Iron and Steel requirement as applicable to each project and the EPA signage guidance.

Signage is an eligible loan expense for local borrowers. Signage guidance is available on the SRF Web site. Compliance with the signage requirement is optional for local borrowers as the DEQ prepares a quarterly press release on projects funded after the loan closing.

Goal: *Review and update, as applicable, the Operating Agreement by December 31, 2015.*

The SRF program has acquired additional requirements since ARRA; however, the Operating Agreement has not been updated to reflect the new requirements. This goal was not completed in 2014 as expected due to the addition of requirements in the Clean Water Act (i.e., Water Resources Reform and Development Act of 2014). The goal for the completion of the updates is December 31, 2015.

Goal: *Implement the Water Resources Reform and Development Act (WRRDA) in a timely manner.*

The DEQ has worked to develop guidance for communities and their consultants on how WRRDA will be implemented in Michigan. They include the following:

1. All loans made after October 1, 2015, must follow the federal (40 USC, Chapter 11) qualifications based selection process when procuring architectural and engineering services as outlined in our guidance.
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. This is effective for all projects funded after October 1, 2015.
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. The certification is required prior to loan closing and can be submitted with the SRF Application Part III. This is effective for all project plans submitted after October 1, 2014.
4. Affordability criteria have been developed and are available on the SRF web page. The criteria became effective on September 29, 2015, and will be used to allocate principal forgiveness after principal forgiveness is allocated to all SRF projects with a green component and are ready to proceed with funding in FY 2016.
5. All projects noted on the PPL that intend to proceed with a loan in FY 2016 are identified as equivalency projects for EPA reporting purposes.

VII. ALLOCATION OF FUNDS FOR SRF

The establishment of a fundable range for any given fiscal year 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 2016 is outlined below:

1. The DEQ reviewed the total amount of loans committed through September 30, 2015, and other amounts that affect the SRF.

Total loan commitments through 9/30/2015	\$4,459,130,000
Total revenue bonds issued to date	\$2,986,668,269

2. To establish an estimate of fund capabilities, the DEQ assumed that the capitalization grant would remain constant (for planning purposes only). The current 2015 SRF appropriation for Michigan is \$59.9 million. A state match contribution from the general fund will not be available, necessitating the generation of state match needs from within the fund.
3. The DEQ 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 DEQ's fundable range is \$230 million. The total amount of projects seeking SRF loans in FY 2016 is \$228 million (amount taken from the SRF final PPL). Note per statute that no project can receive a loan for more than 30 percent of the funds available. An adjustment will be made to the estimated loan amount on the PPL for any project that exceeds \$69 million. The total amount includes \$4,505,000 in NPS projects seeking assistance.

The provision of additional subsidy is a requirement of the 2015 capitalization grant. The additional subsidy will be in the form of principal forgiveness and will not exceed \$5,950,000 in FY 2016. When principal forgiveness is provided from available loan proceeds to projects, it greatly reduces the amount of the assets returning to the SRF as loan repayments, which could be used to make future loans.

Principal forgiveness will be made available for projects expected to close on a loan in FY 2016. The principal forgiveness amount will be provided as follows:

- If the GPR amount < \$1 million, then principal forgiveness will be \$100,000.
- If the GPR amount > \$1 million and < \$10 million, then principal forgiveness will be \$150,000.
- If the GPR amount > \$10 million, then principal forgiveness will be \$2 million.
- All NPS projects will receive \$100,000 as principal forgiveness.

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 qualifying as disadvantaged with green projects will be awarded the higher of the two qualifying category amounts.

- If the PPL amount < \$3 million, then principal forgiveness will be \$100,000.
- If the PPL amount > \$3 million, then principal forgiveness will be \$500,000.

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

VIII. SRF PROGRAM ASSETS

The following chart provides the SRF program assets prior to the start of FY 2016. Funds drawn from leveraged bond issues will be used to pay program expenses and make loans to communities.

Capitalization Grant Amount	\$59,978,000
State Match	\$11,995,600
2012 Bond Equity Balance (as of 9/25/2015)	\$38,256,582

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 2016.

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 2016 will comply with the federal crosscutters and the Single Audit Act.

XI. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The state of Michigan will provide financial assistance from the SRF and the SWQIF to municipalities in the relative order that they appear on the PPLs developed for the fiscal year 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 2016 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 DEQ's review, 28 SRF projects totaling \$228,235,000 have expressed their intent to proceed in FY 2016 and are included on the final FY 2016 SRF PPL. Staff also identified 39 projects and/or segments equaling \$159,405,000 that will be considered for funding in the future. There are three projects on the final FY 2016 NPS PPL, totaling \$4,505,000.

Thus, 67 different projects totaling \$387,640,000 are identified on the final SRF PPLs, 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 and SWQIF PPLs. The Scoring Detail is included for the NPS PPL. The draft FY 2016 PPLs for the SRF and the SWQIF were 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 DEQ 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 storm water project, the department may segment a sewage treatment works project if either of the following criteria is present:

(a) The cost of the proposed project is more than 30 percent of the available funds.

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

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

Financial assistance to municipalities during FY 2016 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 DEQ based on information submitted with a project plan. To qualify, an applicant must first meet the definition of “municipality” found in Part 53 of Act 451. 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 six projects, South Haven, Paw Paw, Pontiac, Vermontville, Otsego, and Nashville, on the FY 2016 final 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 DEQ to more fully explain how a supplier can achieve the status and benefit from it. RLS staff encourages all applicants to supply the pertinent data to allow the DEQ to perform a disadvantaged community status analysis.

XIII. PUBLIC REVIEW AND COMMENT

In order to satisfy public participation requirements, the DEQ held a public hearing on the SRF and SWQIF IUP and PPLs (including the NPS PPL) on September 16, 2015. The hearing was announced in newspapers throughout the state, published in the DEQ Calendar of Events, individually noticed to each municipality and its consultant engineer on the proposed draft FY 2016 PPLs, and sent to interested parties.

Items addressed at the public hearing included 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 2016. The hearing provided an opportunity for municipalities and other interested parties to comment and to request changes to their project’s ranking criteria.

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

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XIV. ORIGINATION OF DOCUMENTS

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

**Michigan Department of Environmental Quality
State Revolving Fund Current PPL
Fiscal Year 2016 FINAL Project Priority List by Rank**

Project No.	Loanee	Location	Description	Water Quality Severity Pts						Fal	Sptg	Disad	Enf	Population	Pop	Exist	Rec Water	Dil Ratio	Rat	Tot Pts	Bind Com Date	Bind Com Amt
				DO	NUT	TOX	MICR	GWD	Tot													
PROJECTS WITH PRIOR YEAR SEGMENTS																						
5525-03	Clinton Twp	Macomb Co	Relief Swrs	0	0	0	27	0	27	0	0	0	300	32,117	90	1	220	0.0047273	55	472	3/14/2016	\$3,300,000
5619-03	Detroit	Wayne Co	Financial SegWWTP Bioso	0	0	0	0	0	0	0	0	0	300	3,150,989	100	638	130000	0.0049046	55	455	11/20/2015	\$21,000,000
5489-02	Berlin Twp	St. Clair Co	Sewer Rehab/PS Cont/WW	0	0	0	0	0	0	0	0	0	4,200	75	0.4	0		>.6000	100	175	6/1/2016	\$1,750,000
5575-02	Milford	Oakland Co	Financial Seg	0	0	0	0	0	0	0	0	0	6,175	80	0.6	22	0.0268181	70	150	11/20/2015	\$2,555,000	
5610-02	Hillsdale	Hillsdale Co	WWTP upgrades	0	0	0	0	0	0	0	0	0	13,722	85	0	0		0	25	110	6/1/2016	\$1,515,000
PROJECTS WITHOUT PRIOR YEAR SEGMENTS																						
5642-01	Oakland Co WRC	Pontiac	Biosolids treatment, dewater	23	0	0	0	0	23	0	100	50	300	61,055	95	27	7.5	>.6000	100	668	3/14/2016	\$21,900,000
5581-01	Lansing	Ingham Co	Frances Park Pump Station	0	0	0	0	0	0	0	0	0	300	62,301	95	0	240	0	25	420	3/14/2016	\$4,275,000
5616-01	Bath Twp	Clinton Co	Sanitary Sewer Impr	75	0	0	27	0	102	0	0	0	0	6,980	80	0.2	0.1	>.6000	100	282	8/24/2016	\$2,660,000
5602-01	South Haven	Van Buren C	WWTP System Improv	0	0	0	27	0	27	0	0	50	0	7,064	80	0.1	120	0.001	40	197	3/14/2016	\$10,035,000
5547-01	East Lansing	Ingham Co	Collection System Improv	0	0	0	0	0	0	0	0	0	0	88,267	95	12	14	>.6000	100	195	8/24/2016	\$815,000
5617-01	YCUA	Tyler Pond	Trestle Replac	0	0	0	0	0	0	0	0	0	0	72,797	95	24	0.2	>.6000	100	195	8/24/2016	\$3,515,000
5634-01	YCUA	Washtenaw	Pump Station Improv	0	0	0	0	0	0	0	0	0	0	72,797	95	22	0.2	>.6000	100	195	8/24/2016	\$1,920,000
5639-01	Paw Paw	Van Buren C	Lift Station & Sanitary Sewer	0	0	0	0	0	0	0	0	50	0	4,798	75	0.3	21	0.0140952	70	195	8/24/2016	\$7,105,000
5637-01	Vermontville	Eaton Co	WW System Improv	0	0	0	0	0	0	0	0	50	0	793	45	1	0.3	>.6000	100	195	6/1/2016	\$1,025,000
5446-01	Milk River Intercounty Drain D	Wayne Co	Pump Station/RTB Improv	0	0	0	0	0	0	0	0	0	0	31,334	90	23	27.85	>.6000	100	190	6/1/2016	\$24,220,000
5603-01	Nashville	Barry Co	WWTF & Collection System	0	0	0	0	0	0	0	0	50	0	1,628	55	0.6	32	0.0181249	70	175	8/24/2016	\$2,345,000
5638-01	Otsego	Allegan Co	WWTP Rehab & I/I removal	0	0	0	0	0	0	0	0	50	0	3,934	70	0.3	360	0.0009389	40	160	6/1/2016	\$2,185,000
5635-01	Detroit	Wayne Co	Aeration System Improv	0	0	0	0	0	0	0	0	0	0	3,150,989	100	685	130000	0.0052692	55	155	3/14/2016	\$22,500,000
5636-01	Detroit	Wayne Co	WWTP Rehab	0	0	0	0	0	0	0	0	0	0	3,150,989	100	685	130000	0.0052692	55	155	3/14/2016	\$57,500,000
5568-01	Macomb Co WWDD	Macomb Co	Chemical Addition	0	0	0	0	0	0	0	0	0	0	840,978	100	43	130000	0.0003311	40	140	6/1/2016	\$1,620,000
5420-01	Wayne Co	Downriver W	Secondary System & Headworks	0	0	0	0	0	0	0	0	0	0	270,051	100	53	38700	0.0013576	40	140	11/20/2015	\$18,000,000
5633-01	Lincoln Park	Wayne Co	Sewer Lining, Storage Tank	0	0	0	0	0	0	0	0	0	0	38,207	90	7.6	29200	0.0002599	40	130	3/14/2016	\$1,475,000
5605-01	Southeast Macomb Co Waste	Macomb Co	Sewer & manhole rehab, Headworks	0	0	0	0	0	0	0	0	0	0	59,394	95	1.3	130000	<.0002	25	120	3/14/2016	\$1,675,000
5628-01	Garden City	Wayne Co	Sewer Lining, I/I	0	0	0	0	0	0	0	0	0	0	26,700	90	4	130000	<.0002	25	115	6/1/2016	\$5,000,000
5629-01	Fraser	Macomb Co	Sewer Rehab, I/I	0	0	0	0	0	0	0	0	0	0	14,027	85	1.7	130000	<.0002	25	110	8/24/2016	\$3,840,000

25 Total # of projects

\$223,730,000

****All projects noted above are included in the fundable range for FY2016.****

**Michigan Department of Environmental Quality
State Revolving Fund Future PPL
Fiscal Year 2016 FINAL Project Priority List by Rank**

Project No.	Loanee	Location	Description	Water Quality Severity Pts						Fal OSSS	Sptg Rec	Disad Comm	Enf Pts	Population	Pop Pts	Exist Disch	Rec Water	Dil Ratio	Rat Pts	Tot Pts	Bind Com Amt
				DO	NUT	TOX	MICR	GWD	Tot												
PROJECTS WITH PRIOR YEAR SEGMENTS																					
5611-02	Kinross Twp	Chippewa C	Digester Improv	0	0	0	0	0	0	0	0	0	7,276	80	0.6	0.7	>.6000	100	180	\$2,485,000	
5430-03	Wayne Co	Dearborn He	CSO RTB Imp Phase 3	0	0	0	0	0	0	0	0	55,667	95	0.1	3.3	0.0303	70	165	\$755,000		
5433-02	Wayne Co	River Rouge	CSO RTB (Phase 2)	0	0	0	0	0	0	0	0	9,512	80	5.5	69	0.0797	85	165	\$1,710,000		
5609-02	Dundee	Monroe Co	I/I Removal	11	0	0	27	0	38	0	0	3,957	70	0.6	110	0.0054	55	163	\$1,760,000		
PROJECTS WITHOUT PRIOR YEAR SEGMENTS																					
5642-02	Oakland Co WRC	Pontiac	WWTP Auburn & East Facilities	23	0	0	0	0	23	0	0	50	300	61,055	95	27	7.5	>.6000	100	568	\$22,825,000
5642-03	Oakland Co WRC	Pontiac	WWTP Auburn & East Facilities	23	0	0	0	0	23	0	0	50	300	61,055	95	27	7.5	>.6000	100	568	\$3,160,000
5005-23	Lansing	Ingham Co	Subarea 034C CSO Separation	7	100	0	37	0	144	0	0	0	300	62,301	95	1.3	48	0.0265	70	609	\$10,250,000
5602-99	South Haven	Van Buren	CS & WWTP Improv	0	0	0	27	0	27	0	0	50	0	7,064	80	0.1	120	0.001	40	197	\$13,030,000
5558-01	YCUA	Washtenaw	Misc WWTP & Pump Station Improv	0	0	0	0	0	0	0	0	0	0	72,797	95	24	0.2	>.6000	100	195	\$2,690,000
5481-01	YCUA	Washtenaw	PS Impr (Pine View)	0	0	0	0	0	0	0	0	0	0	72,797	95	23	0.2	>.6000	100	195	\$525,000
5561-01	North Kent Sewer	Cannon Twp	Lift Station Improv	0	0	0	0	0	0	0	0	0	0	54,766	95	8	860	0.0093	55	150	\$760,000
5641-01	Milford	Oakland Co.	Filtration Upgrades and Upgrade Sludge handling	0	0	0	0	0	0	0	0	0	0	6,175	80	0.6	22	0.0268	70	150	\$2,635,000
5640-01	Milford	Oakland Co	Pump Station Upgrades	0	0	0	0	0	0	0	0	0	0	6,175	80	0.6	22	0.0268	70	150	\$200,000
5492-01	Dexter	Washtenaw	Grit Sys/WWTP, I&I	0	0	0	0	0	0	0	0	0	0	4,067	75	0.3	15	0.0193	70	145	\$1,000,000
5421-01	Wayne Co	Downriver W	Interceptor System Improv	0	0	0	0	0	0	0	0	0	0	270,051	100	53	38700	0.0014	40	140	\$5,000,000
5424-01	Wayne Co	Downriver W	Biosolids Drying & Beneficial Reuse	0	0	0	0	0	0	0	0	0	0	270,051	100	53	38700	0.0014	40	140	\$47,355,000
5531-01	Allegan	Allegan Co	WWTP Improv	0	0	0	0	0	0	0	0	0	0	5,092	75	1	410	0.0024	55	130	\$2,400,000
5615-02	Hamtramck	Wayne Co	Segment 2 Relief Sewer Install, Sewer Rehab	0	0	0	0	0	0	0	0	0	0	23,216	90	2.7	130000	<.0002	25	115	\$7,000,000
5576-02	Ecorse	Wayne Co	Manholes & storm sewer rehab, bulkheads	0	0	0	0	0	0	0	0	0	0	9,554	80	0	169000	0	25	105	\$2,970,000
19	Total # of projects																			\$128,510,000	

Note: The Oakland County projects have priority over the Lansing project as they are tied to a current project segment that will move segments 02 and 03 higher in ranking next year.

**Michigan Department of Environmental Quality
Non Point Source Current PPL
Fiscal Year 2016 FINAL Project Priority List by Rank**

Project No.	Loanee	Location	Description	Water Quality Points					Ent Pts	High Qual	Ongoing Int	Use Value	Local Part	Total Pts	Bind Comm Date	Bind Comm Amount
				Microorgan	Phosphoru	Nitrogen	TSS	Total Water Quality Points								
5508-02	Malletts Creek DD	Ann Arbor	NPS-Springwater BMPs (Springwater Subd	0	50	0	50	100	0	100	0	200	400	6/1/2016	1,590,000	
5504-05	Huron River Green Infrastruct	Ann Arbor	NPS-2016+ Tree Plantings	50	50	0	50	150	0	0	0	200	350	6/1/2016	415,000	
5509-01	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd (Hutchins to Kipke)	0	50	0	0	50	0	100	200	0	350	3/14/2016	2,500,000	
3 Total # of projects															\$ 4,505,000	

**Michigan Department of Environmental Quality
State Revolving Fund Green Projects
for Fiscal Year 2016 in FINAL Project Priority List Order**

Type of GPR

Project No.	Loanee	Location	Description	Green Project Amount	Estimated Principal Forgiveness Amount	Bind Com Amt	Categorical	Business Case
5619-03	Detroit	Wayne Co	Financial SegWWTP Biosolids	\$21,000,000	\$2,000,000	\$21,000,000		X
5642-01	Oakland Co WRC	Pontiac	Biosolids treatment, dewatering, storage, septage receiving	\$21,400,000	\$2,000,000	\$21,900,000		X
5581-01	Lansing	Ingham Co	Frances Park Pump Station Upgrade	\$366,000	\$100,000	\$4,275,000		X
5634-01	YCUA	Washtenaw Co	Pump Station Improv	\$438,950	\$100,000	\$1,920,000	X	
5446-01	Milk River Intercounty Drain Drainage D	Wayne Co	Pump Station/RTB Improv	\$1,957,000	\$150,000	\$24,220,000		X
5508-02	Malletts Creek DD	Ann Arbor	NPS-Springwater BMPs (Springwater Subdivision)	\$1,192,500	\$100,000	\$1,590,000	X	
5504-05	Huron River Green Infrastructure DD	Ann Arbor	NPS-2016+ Tree Plantings	\$415,000	\$100,000	\$415,000	X	
5509-01	Allen Creek DD	Ann Arbor	NPS-Stadium Blvd (Hutchins to Kipke)	\$280,000	\$100,000	\$2,500,000	X	

8 Projects

\$ 47,049,450 \$ 4,650,000 \$ 77,820,000

Future GPR Projects

5592-01	Allen Creek DD	Ann Arbor	NPS-Main St Stormwater BMPs	\$1,760,000		\$1,760,000		
5506-04	Malletts Creek Drain DD	Ann Arbor	NPS-Churchill Downs Park	\$1,386,000		\$2,100,000		
5506-02	Malletts Creek Drain DD	Ann Arbor	NPS-South 7th St (Greenview to Scio Church)	\$225,000		\$840,000		
5353-01	Allen Creek DD	Ann Arbor	NPS-Farmer's Market Stormwater BMPs	\$420,000		\$700,000		
5479-02	Malletts Creek Drain DD	Ann Arbor	NPS-Research Park Detention SBS	\$920,000		\$920,000		
5514-01	Malletts Creek Drain DD	Ann Arbor	NPS-Briarwood Mall Basins	\$54,500		\$1,230,000		
5596-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-State Street (Eisenhower Pkwy to I-94-S)	\$1,060,000		\$1,060,000		
5598-01	Huron River Green Infrastructure DD	Washtenaw Co	NPS-Huron Hills Golf Course SBS	\$1,220,000		\$1,220,000		
5599-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Village Oaks Detention/Retention Basin	\$645,500		\$1,290,000		
5597-01	Malletts Creek Drain DD	Ann Arbor	NPS-Scio Church Rd (Main to 7th St)	\$564,000		\$5,000,000		
5625-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-BMPs Stone School- Packard to I94	\$91,000		\$1,420,000		
5626-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Millers Creek Pepper Pike bank stabilization	\$1,500,000		\$1,500,000		
5479-01	Malletts Creek Drain DD	Ann Arbor	NPS-Malletts Crk Dr Dist SS	\$1,120,000		\$2,770,000		
5551-01	Fenton	Genesee Co	NPS-Cemetery Stormwater BMPs	\$74,400		\$190,000		
5553-01	Fenton	Genesee Co	NPS-Mill Pond SS	\$1,340,000		\$1,340,000		
5554-01	Fenton	Genesee Co	NPS-Bush Park SS	\$1,490,000		\$1,490,000		
5480-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Millers Crk SBS	\$650,000		\$650,000		

Disadvantaged Projects \$1,300,000

GPR Projects \$4,650,000

Total amount available as principal forgiveness: \$5,950,000

Principal Forgiveness Allocation:

1. All non-point source projects will receive \$100,000
2. If the GPR amount is less than \$1,000,000; then the principal forgiveness amount is \$100,000
3. If the GPR amount is greater than \$1,000,000 and less than \$10,000,000; then the principal forgiveness amount is \$150,000
4. If the GPR amount is greater than \$10,000,000; then the principal forgiveness amount is \$2,000,000

FINAL Fundable State Revolving Loan Fund Projects for Fiscal Year 2016 - By Category

Project #	Secondary Treatment	Advanced Treatment	Infiltration/ Inflow	Sewer System Rehabilitation	New Collector Sewers	New Interceptors	CSO Correction	Storm Water Management	Non Point Source	Totals
	CatI	CatII	CatIIIA	CatIIIB	CatIVA	CatIVB	CatV	CatVI	CatVII	
5420-01	18,000,000									18,000,000
5446-01							24,200,000			24,220,000
5489-02			1,750,000							1,750,000
5504-05									415,000	415,000
5508-02									1,590,000	1,590,000
5509-01									2,500,000	2,500,000
5525-03					3,300,000					3,300,000
5547-01				815,000						815,000
5568-01		1,620,000								1,620,000
5575-02	2,555,000									2,555,000
5581-01				4,275,000						4,275,000
5602-01	800,000		9,235,000							10,035,000
5603-01	1,570,700			774,300						2,345,000
5605-01				1,675,000						1,675,000
5610-02	1,515,000									1,515,000
5616-01						2,660,000				2,660,000
5617-01				3,515,000						3,515,000
5619-03	21,000,000									21,000,000
5628-01				5,000,000						5,000,000
5629-01			3,840,000							3,840,000
5633-01				1,475,000						1,475,000
5634-01				1,920,000						1,920,000
5635-01	22,500,000									22,500,000
5636-01	57,500,000									57,500,000
5637-01	796,885		228,115							1,025,000
5638-01	1,907,922		277,078							2,185,000
5639-01			1,970,000	5,135,000						7,105,000
5642-01	21,900,000									21,900,000
	\$150,045,507	\$1,620,000	\$17,300,193	\$24,584,300	\$3,300,000	\$2,660,000	\$24,200,000	\$0	\$4,505,000	\$228,235,000
# of projects	11	1	6	9	1	1	1	-	3	

**Michigan Department of Environmental Quality
State Revolving Fund Disadvantaged Projects
for Fiscal Year 2016 in FINAL Project Priority List Order**

Project No.	Loanee	Location	Description	Estimated Principal Forgiveness Amount	Bind Com Amt
5602-01	South Haven	Van Buren Co.	WWTP System Improv	\$500,000	\$10,035,000
5639-01	Paw Paw	Van Buren Co	Lift Station & Sanitary Sewer Improv	\$500,000	\$7,105,000
5637-01	Vermontville	Eaton Co	WW System Improv	\$100,000	\$1,025,000
5603-01	Nashville	Barry Co	WWTF & Collection System Improv	\$100,000	\$2,345,000
5638-01	Otsego	Allegan Co	WWTP Rehab & I/I removal	\$100,000	\$2,185,000

5 Projects

\$ 1,300,000 \$ 22,695,000

Disadvantaged communities will receive principal forgiveness based on the following:

- if the PPL amount is less than \$3 million, then the principal forgiveness amount is \$100,000
- if the PPL amount is greater than \$3 million, then the principal forgiveness amount is \$500,000