

State of Michigan
Rick Snyder, Governor

Department of Environmental Quality



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

**State Revolving Fund
Strategic Water Quality Initiatives Fund
Final Intended Use Plan - Fiscal Year 2018**

**Prepared by:
Revolving Loan Section
Drinking Water and Municipal Assistance Division
October 2017**

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SRF SWQIF SRF SWQIF SRF SWQIF

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- SRF Final Project Priority List for Fiscal Year 2018
- NPS Final Project Priority List for Fiscal Year 2018
- Final Fundable SRF Projects by Category for Fiscal Year 2018
- Key to Project Priority List Headings for SRF and SWQIF
- SRF Final Green Projects
- SRF Final Disadvantaged Projects

I. **INTRODUCTION**

The Michigan Department of Environmental Quality (DEQ) 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 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 \$4.8 billion in financial assistance to 582 borrowers. The SWQIF has provided \$24 million in financial assistance to 21 borrowers. In fiscal year (FY) 2018, the SRF will fund projects for \$115 million. There are no projects requesting SWQIF funding in FY 2018.

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 2018. An IUP is a required part of the process to request the federal 2017 SRF capitalization grant, which will be matched with 20 percent in state match funds. The 2017 capitalization grant allotment for Michigan is \$57,007,000. The Revolving Loan Section (RLS) of the DWMAD 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. A public hearing for the draft IUP and the Project Priority Lists (PPL) was held on September 20, 2017.

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 draft 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.

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. All of the 67 projects have completed construction as of September 28, 2017.

Fiscal Year 2018 Project Funding

Michigan's 2017 federal SRF capitalization grant is \$57,007,000. Congress mandated that at least 10 percent of all grant funds (\$5,700,700) be provided as additional subsidy to borrowers. The DEQ plans to provide the entire amount as principal forgiveness. In addition, Congress requires that at least 10 percent of the grant (\$5,700,700) be used for projects that qualify under the Green Project Reserve. All SRF projects funded in FY 2018 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 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%
2014-2017	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 2018 will be 2 percent for 20-year loans and 2.25 percent for SRF 30-year loans. 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 2018, 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 2018.

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 2018 IUP, as well as the PPL for the SRF and NPS, include projects seeking Orders of Approval (the state's binding commitment) between October 1, 2017, and September 30, 2018. Letters will be sent by November 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), 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 2018 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 2018 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 2018 will issue a Notice to Proceed within 60 days of the loan closing.

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

Congress has directed that at least 10 percent of the 2016 and 2017 capitalization grants be allocated to Green Project Reserve (GPR). The DEQ solicited green infrastructure, water/energy efficient and environmentally innovative projects for the FY 2018 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.

Congress mandated that at least 10 percent of the 2016 and 2017 capitalization grants 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 2018 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 DEQ 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 2018 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 2018 PPL.

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 2018 is outlined below:

1. The DEQ reviewed the total amount of loans committed through September 30, 2017, and other amounts that affect the SRF.

Total loan commitments through 9/30/2017	\$4,783,635,000
Total revenue bonds issued to date	\$3,671,099,100

2. To establish an estimate of fund capabilities, the DEQ assumed that the capitalization grant would remain constant (for planning purposes only). The current 2017 SRF appropriation for Michigan is \$57 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 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 \$115 million. The total amount of projects seeking SRF loans in FY 2018 is \$111 million (amount taken from the SRF final PPL). The total amount includes \$4,130,000 in NPS projects seeking assistance.

The provision of additional subsidy is a requirement of the 2016 and 2017 capitalization grants. The additional subsidy will be in the form of principal forgiveness and will not exceed \$9,401,377 in FY 2018. 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 2018. The principal forgiveness amount will be provided as follows:

- If the GPR amount is less than \$500,000, then principal forgiveness will be \$50,000.
- If the GPR amount is greater than \$500,000 and less than \$1 million, then principal forgiveness will be \$150,000.
- If the GPR amount exceeds \$1 million, then principal forgiveness will be \$300,000.

Principal forgiveness will also be provided to communities that qualify as disadvantaged. The principal forgiveness amount will be \$500,000. 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 DEQ 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 2018. Funds drawn from leveraged bond issues will be used to pay program expenses and make loans to communities.

Capitalization Grant Amount	\$57,007,000
State Match Amount	\$11,401,000

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 2018.

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 2018 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 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 2018 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, 14 SRF projects totaling \$111,260,000 have expressed their intent to proceed in FY 2018 and are included on the final FY 2018 SRF PPL. Staff also identified 30 projects and/or segments equaling \$184,130,000 that will be considered for funding in the future. There are three projects on the draft FY 2018 NPS PPL, totaling \$4,130,000. Project ranking criteria can be found on the Key to Project Priority List Headings for SRF, NPS, and SWQIF.

Thus, 44 different projects totaling \$295,390,000 are identified on the final SRF and NPS 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 PPL. The Scoring Detail is included for the NPS PPL. The draft FY 2018 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 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.

SRF program administration costs will be charged to the capitalization grant and will not exceed 4 percent of the grant amount.

Financial assistance to municipalities during FY 2018 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.

In addition to partial principal forgiveness and a potential 30-year loan option, another major benefit for qualified communities is an extra 50 priority points. There are three projects – the city of Pontiac, Kinross Township and the city of South Haven – on the FY 2018 final PPL that qualify for disadvantaged community status. However, only Kinross Township is ready to proceed with a loan in FY 2018. 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 20, 2017. 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 2018 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 2018. The hearing provides 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 DWMAD is responsible for issuing the SRF final 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	Sptg 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																																		
PROJECTS WITH PRIOR YEAR SEGMENTS																																												
1	5642-02	Clinton River Water	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	Future	\$8,970,000																					
3	5611-03	Kinross Township	Chippewa County	Food waste to heat/power	0	0	0	0	0	0	0	0	50	7,276	80	0.62	0.7	>.6000	100	230	06/01/2018	\$3,050,000																						
4	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	\$14,000,000																						
PROJECTS WITHOUT PRIOR YEAR SEGMENTS																																												
5	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																					
5	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	Future	\$25,430,000																					
5	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	06/01/2018	\$22,720,000																					
6	5005-23	City of Lansing	Ingham County	Subarea 034C CSO Separation	7	100	0	37	0	144	0	0	300	0	62,301	95	1.27	48	0.0265	70	609	03/14/2018	\$10,250,000																					
7	5656-01	Great Lakes Water A	Detroit WRRF	Central Offload Fac Rehab	0	0	0	0	0	0	0	0	300	0	3,100,000	100	609	130,000	0.0047	55	455	08/23/2018	\$13,975,000																					
8	5643-01	City of Hudson	Lenawee County	Rehab CS & TR Plant upgrades	0	0	50	0	0	50	0	0	0	0	2,483	65	0.467	3.6	0.1297	85	200	11/17/2017	\$5,100,000																					
9	5632-01	East Lansing	Ingham Co	WW System Improv (future)	0	0	0	0	0	0	0	0	0	88,267	95	11.96	14	>.6000	100	195	Future	\$17,480,000																						
10	5652-01	Monroe County Drain	Bedford WWTP	WWTP upgrades, pump stations, co	0	0	0	0	0	0	0	0	0	28,426	90	2.974		0	100	190	03/14/2018	\$11,000,000																						
11	5662-01	Monroe County Drain	Bedford WWTP	Sewer rehab	0	0	0	0	0	0	0	0	0	28,426	90	2.974		0	100	190	Future	\$700,000																						
12	5660-01	City of Saline	Washtenaw County	WWTP improve, Pump Station equip	0	0	0	0	0	0	0	0	0	8,810	80	1.108	4.8	0.2308	85	165	03/14/2018	\$2,765,000																						
13	5655-01	Great Lakes Water A	Detroit	Detroit River Intcp Rehab	0	0	0	0	0	0	0	0	0	3,100,000	100	609	130,000	0.0047	55	155	08/23/2018	\$33,350,000																						
14	5645-01	Armada Village	Macomb County	Sewer & manhole rehab, Colonial	0	0	0	0	0	0	0	0	0	1,730	55	0.644	.1	>.6000	100	155	08/23/2018	\$2,175,000																						
15	5657-01	City of Tecumseh	Lenawee County	swr rehab, pump sta, & sldg pump	0	0	0	0	0	0	0	0	0	8,393	80	0.713	13	0.0548	70	150	11/17/2017	\$1,170,000																						
16	5658-01	City of Tecumseh	Lenawee County	WWTP transf, actuator, swr rehab	0	0	0	0	0	0	0	0	0	8,393	80	0.713	13	0.0548	70	150	Future	\$3,130,000																						
17	5421-01	Wayne County	Downriver WWTF	Interceptor System Improv	0	0	0	0	0	0	0	0	0	270,051	100	52.54	38,700	0.0014	40	140	Future	\$5,000,000																						
18	5424-01	Wayne County	Downriver WWTF	Biosolids Drying & Beneficial Re	0	0	0	0	0	0	0	0	0	270,051	100	52.54	38,700	0.0014	40	140	Future	\$47,355,000																						
19	5661-01	South Rockwood, Vill	Monroe County	Sewer rehab & PS replac	0	0	0	0	0	0	0	0	0	1,521	55	0.238	130,000	<.0002	25	80	06/01/2018	\$1,575,000																						
Total 21 Projects																																											\$270,130,000	



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								
1	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
2	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
2	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
3	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
3	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
3	5506-04	Malletts Creek Drain DD	Ann Arbor	NPS-Churchill Downs Park	80	80	80	80	320	0	0	100	200	0	620	08/23/2018	\$2,240,000
4	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
5	5598-01	Huron River Green	Washtenaw County	NPS-Huron Hills Golf Course SBS	80	80	80	80	320	0	0	100	200	0	620	Future	\$1,300,000
6	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
7	5626-01	Huron River Green	Ann Arbor	NPS-Millers Creek SBS	80	80	0	80	240	0	0	100	200	0	540	08/23/2018	\$1,470,000
8	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
9	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
10	5504-07	Huron River Green	Ann Arbor	NPS- Trees Plantings	50	50	0	50	150	0	0	0	0	200	350	08/23/2018	\$420,000
10	5504-08	Huron River Green	Ann Arbor	NPS-Trees	50	50	0	50	150	0	0	0	0	200	350	Future	\$420,000
10	5504-09	Huron River Green	Ann Arbor	NPS-Trees	50	50	0	50	150	0	0	0	0	200	350	Future	\$420,000
11	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
12	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
13	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
14	5664-01	Mallets 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
15	5667-01	Huron River Green DDD	Ann Arbor	NPS-Geddes Church to Highland	80	0	0	80	160	0	0	100	0	0	260	Future	\$780,000
16	5669-01	Mallets Creek DDD	Ann Arbor	NPS- Chalmers Drive SW Improve	80	0	0	80	160	0	0	100	0	0	260	Future	\$475,000
17	5665-01	Allen Creek Drain DD	Ann Arbor	NPS- Division St. Hoover to Main	80	0	0	0	80	0	0	100	0	0	180	Future	\$820,000
18	5666-01	Allen Creek Drain DD	Ann Arbor	NPS - 5th Ave Kingsley Catherine	80	0	0	0	80	0	0	100	0	0	180	Future	\$380,000
Total 23 Projects																\$25,260,000	

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 total points assigned.
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>NPS (0-100 points each)</p> <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 2018 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
5611-03	Kinross Twp	Chippewa Co	Food Processing	\$3,050,000	\$300,000*	\$3,050,000	X	
5643-01	Hudson	Lenawee Co	Rehab Collection System and New Headworks	\$982,000	\$150,000	\$5,000,000		X
5660-01	City of Saline	Washtenaw Co	WWTP Improve, Pump Station Equip	\$1,853,000	\$300,000	\$2,765,000		X
5506-04	Malletts Creek Drain DD	Ann Arbor	NPS-Churchill Downs Park	\$442,500	\$50,000	\$2,240,000	X	
5626-01	Huron River Green Infrastructure DD	Ann Arbor	NPS-Millers Creek Stream Bank Stabilization	\$1,470,000	\$300,000	\$1,470,000	X	
5504-07	Huron River Green Infrastructure DD	Ann Arbor	NPS-Tree Plantings	\$420,000	\$50,000	\$420,000	X	
6	Projects			\$ 8,217,500	\$ 850,000	\$ 14,945,000		

5353-01	Huron River Green Infrastructure 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)	\$220,000		\$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	\$54,500		\$1,200,000	X	
5598-01	Huron River Green Infrastructure DD	Washtenaw Co	NPS-Huron Hills Golf Course SBS	\$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 Drain DD	Ann Arbor	NPS-Traver Creek Stream Bank Stabilization	\$1,000,000		\$1,000,000	X	
5670-01	Traver Creek Drain DD	Ann Arbor	NPS-Nixon Rd Huron Pkwy	\$363,000		\$900,000	X	
5504-08	Huron River Green Infrastructure DD	Ann Arbor	NPS-Trees	\$420,000		\$420,000	X	
5509-02	Allen Creek Drain DD	Ann Arbor	NPS-Stadium Blvd BMPs	\$108,000		\$710,000	X	
5480-01	Huron River Green Infrastructure DD	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 Infrastructure DD	Ann Arbor	NPS-Geddes Church to Highland	\$240,000		\$780,000	X	
5669-01	Malletts Creek Drain DD	Ann Arbor	NPS-Chalmers Drive SW Improve	\$160,000		\$475,000	X	
5665-01	Allen Creek Drain DD	Ann Arbor	NPS-Division St. Hoover to Main	\$298,000		\$820,000	X	
5666-01	Allen Creek Drain DD	Ann Arbor	NPS-5th Ave Kingsley Catherine	\$81,000		\$380,000	X	
19	Projects			\$11,264,500		\$20,710,000		

*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:

If the GPR amount is less than \$500,000, then the principal forgiveness amount is \$50,000.

If the GPR amount is greater than \$500,000 AND less than \$1M, then the principal forgiveness amount is \$150,000.

If the GPR amount is greater than \$1M, then the principal forgiveness amount is \$300,000.

Disadvantaged Projects	\$500,000
GPR Projects	\$850,000
Total amount available as principal forgiveness:	\$1,350,000

**Michigan Department of Environmental Quality
State Revolving Fund Disadvantaged Projects
for Fiscal Year 2018 in FINAL Project Priority List Order**

Project No.	Loanee	Location	Description	Estimated Principal Forgiveness Amount	Bind Com Amt
5611-03	Kinross Twp*	Chippewa Co	Food Processing	\$500,000	\$3,050,000

1 Projects

\$ 500,000 \$ 3,050,000

Disadvantaged communities will receive \$500,000 as principal forgiveness.

*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.