

Funding

While most infrastructure funding comes from user fees, the following is an overview of alternative funding options that are available to implement some of the infrastructure programs recommended in this study. These State and Federal funding programs are subject to ongoing change.



Drinking Water Revolving Fund

Established by the 1996 Amendments to the Safe Drinking Water Act (SDWA), the Drinking Water Revolving Fund (DWRF) provides capitalization grants to states. The DWRF is a multifaceted tool for states to use in achieving the public health protection objectives of SDWA. The MDEQ operates the DWRF program and receives annual capitalization grants from the Environmental Protection Agency (EPA) which they use to support low-interest loans and other types of assistance to public water systems. Additional provisions also allow DWRF programs to target extra assistance to those communities with the greatest economic need.

The MDEQ also administers the Public Water System Supervision (PWSS) program. The PWSS program carries out many key activities, including developing and maintaining drinking water regulations, tracking compliance information, and ensuring that all public water systems follow state regulations.

Examples of Key PWSS Program Activities.

- Developing state drinking water regulations.
- Maintaining an inventory of public water systems.
- Conducting sanitary surveys of public water systems.
- Providing technical assistance to PWS operators.
- Ensuring all systems comply with state requirements.

DWRF programs may provide assistance to all publicly- and privately-owned community water systems or nonprofit non-community water systems. For a nonprofit system to be eligible for SRF funding, it must have a federal tax exempt status

identification number. Nonprofit systems may include school systems, day care centers, churches, or retreat centers. Systems that are federally-owned or recognized as for-profit non-community water systems are not eligible for assistance through the Fund.

DWRF assistance is provided for projects that address a current violation or will prevent a future violation of health-based drinking water standards. Eligible project categories include:

- Consolidation of drinking water supplies.
- Creation of new systems.
- Costs for maintaining drinking water sources.
- Storage capacity costs.
- Transmission and distribution costs.
- Drinking water treatment costs.
- Drinking water security measures.

Resources

EPA:

www.epa.gov/safewater/dwsrf.html

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3307_3515_3517---.00.html



Clean Water State Revolving Fund (CWSRF)

Authorized by the 1987 Amendments to the Clean Water Act (CWA), the Clean Water State Revolving Fund (CWSRF) provides capitalization grants from the EPA to states. States must match 20 percent of their annual capitalization grants. The Michigan Department of Environmental Quality administers the fund in Michigan as the Strategic Water Quality Initiatives Fund (SWQIF). The state program provides low-interest loans or other assistance to publicly owned wastewater systems and nonpoint source pollution control and estuary management projects. Funding is available for water quality protection projects for wastewater treatment, nonpoint source pollution control, and watershed and estuary management.

Key features of the program include:

- **Low Interest Rates, Flexible Terms.** Nationally, interest rates for loans average 2 percent, compared to market rates that average 4.5 percent. For a CWSRF program offering this rate, a CWSRF funded project would cost 20 percent less than projects funded at the market rate. CWSRFs can fund 100 percent of the project cost and provide flexible repayment terms up to 20 years.
- **Significant Funding for Nonpoint Source Pollution Control and Estuary Protection.** CWSRFs provide more than \$370 million in 2006 to control pollution from nonpoint sources and for estuary protection, more than \$2.4 billion to date.
- **Assistance to a Variety of Borrowers.** The CWSRF program has assisted a range of borrowers including municipalities, communities of all sizes, farmers,

homeowners, small businesses, and nonprofit organizations.

- **Partnerships with Other Funding Sources.** CWSRFs partner with banks, nonprofits, local governments, and other federal and state agencies to provide the best water quality financing source for their communities.

The CWSRF/SWQIF program funds municipal wastewater treatment facilities, including secondary and advanced treatment works, collector sewers, sanitary and combined sewer overflow correction, and stormwater management. The CWSRF/SWQIF program also funds a significant amount of nonpoint source and estuary activities, such as watershed management, wetlands protection, contaminated urban and rural runoff control, brownfield remediation, ground water protection, habitat protection, and estuary management.

Resources

EPA:

www.epa.gov/owm/cwfinance/cwsrf/index.htm

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3307_3515_4143---.00.html

USDA 's Rural Development Grants. The US Department of Agriculture provides infrastructure assistance for rural drinking water and wastewater utilities through leadership, financial assistance, and technical guidance. Its Water Programs Division (under the Water and Environmental Programs) administers four grant and loan programs for the development of safe and



affordable water supply systems, sewage systems, and other waste disposal facilities.

Resources

USDA:

www.usda.gov/rus/

US Department of Housing and Urban Development Community Development Block Grants

Since 1981, Housing and Urban Development (HUD) has distributed Community Development Block Grants (CDBG's) directly to entitlement communities and to states for distribution to non-entitlement communities, which include cities with populations of fewer than 50,000 and counties with populations of fewer than 200,000. HUD aims to provide decent housing, healthy living conditions, and economic opportunities primarily for lower income communities. Projects funded by block grants must either benefit lower income people or help prevent or eliminate "slums and blight." Systems have used assistance from block grants to meet state and federal regulations by developing new water sources, improving treatment, replacing distribution system pipes, and taking other actions.

Communities receiving CDBG funds from the State may use the funds for many kinds of community development activities including, but not limited to:

- Acquisition of property for public purposes;

- Construction or reconstruction of streets, water and sewer facilities, neighborhood centers, recreation facilities, and other public works;
- Demolition;
- Rehabilitation of public and private buildings;
- Public services;
- Planning activities;
- Assistance to nonprofit entities for community development activities; and
- Assistance to private, for profit entities to carry out economic development activities (including assistance to micro-enterprises).

Michigan Economic Development Corporation provides CDBG funds for public works activities. Preferred public works projects are projects that upgrade existing public infrastructure systems either by replacing deteriorating or obsolete systems or by adding needed capacity to existing systems. In addition, funds under this program can be utilized for public facilities which will have significant impact throughout the community. Projects must benefit low and moderate income households.

Resources

HUD

www.hud.gov/offices/cpd/communitydevelopment/programs



Department of Commerce's Economic Development Administration

The Economic Development Administration's (EDA) mission is to "enhance community success in attracting private capital investment and lucrative job opportunities." EDA offers assistance to rural and urban areas where unemployment is high and incomes are low. EDA grants can be used to underwrite the planning and construction costs for projects in these areas that will lead to the creation of jobs in the community. EDA's Public Works Program helps communities that are in economic decline upgrade their physical infrastructure, including drinking water and wastewater facilities. Public Works and Economic Development grants can be used for the construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments, attract private sector capital, and promote regional competitiveness, including investments that expand and upgrade infrastructure to attract new industry, support technology-led development, redevelop brownfield sites and provide eco-industrial development.

Resources

<http://www.eda.gov/AboutEDA/Programs.xml>

Michigan Clean Water Fund (CWF)

The purpose of the CWF is to implement the MDEQ's surface water quality monitoring plan and to implement water pollution controls.

The legislation for the CWF stated that the highest priority for the Fund would be the monitoring strategy; therefore, \$45 million of the \$90 million was set aside to implement the monitoring strategy. Implementation of the monitoring strategy is being done using both grants and direct contracts to vendors.

The other half of the CWF is intended to implement water pollution control activities, which, under the CWF administrative rules, were identified as the following:

- Providing state match to establish and implement the conservation reserve enhancement program (CREP) in Michigan.
- Implementing water quality protection or improvement activities in approved watershed management plans that are required under a NPDES voluntary storm water permit.
- Implementing water quality protection or improvement recommendations in approved watershed plans that place a strong emphasis on protecting high quality waters.
- Implementing water quality recommendations in Remedial Action Plans and Lakewide Management Plans, other than those involving contaminated sediments.
- Implementing programs to identify and require the correction of illicit connections to storm sewer systems.
- Identifying failing on-site septic systems.
- Implementing corrective measures to correct failing on-site septic systems.
- Locating and plugging abandoned wells.



Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3307_3515_4143---,00.html

Abandoned Well Management Grants

These grants provide funding to communities, townships, and nonprofit organizations to locate and plug abandoned wells inside community public water supply wellhead protection areas (WHPA).

The goals of the or the program are to prevent the contamination of drinking water aquifers through old, deteriorated, abandoned well casings, to educate the public concerning the hazards associated with abandoned wells, and to protect the health of the public.

Projects must be affiliated with a community public water supply that uses groundwater as its source and must have an approved WHPA. Applicants may be a community, township, or a non-profit organization.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3675_3689-7951--,00.html

Brownfield Redevelopment Grants and Loans

Brownfield Redevelopment and Site Reclamation Grants. These grants provide funding to local units of government and other public bodies to investigate and remediate known sites of environmental contamination, which will be used for identified economic redevelopment projects. The goals of the program are to ensure safe reuse of abandoned, vacant, or underutilized properties that are known to be contaminated, and to promote redevelopment of brownfields.

To be eligible for a grant, a proposed project must result in economic benefit for the community through job creation, private investment, and/or property tax increase. The property must meet the definition of a facility under Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

Any county, city, village, township, Brownfield Redevelopment Authority, or other authority or public body created pursuant to state law may apply for a grant. Eligible activities include environmental investigations and assessments, interim response, and due care response activities necessary for the proposed development.

Clean Michigan Initiative Brownfield Redevelopment Loans (CMIBRL) and Revitalization Revolving Loans (RRL). These loans are designed to support the redevelopment of brownfield properties by providing low-interest loans to local units of government and other public bodies to investigate and remediate sites of known or suspected environmental contamination.

The goals of the program are to promote the economic redevelopment and safe reuse of abandoned, vacant, or underutilized brownfield properties where contamination is



known to exist or believed to have occurred based on current or historic use.

To be eligible, a proposed project must have economic development potential. A municipality must pledge its full faith and credit to secure the loan. When the Brownfield Redevelopment Authority (BRA) is the applicant, the municipality under which the BRA was formed, must make this pledge. The Michigan Department of Treasury will approve the applicant's ability to incur the debt. Loans are offered at an interest rate of no more than 50% of prime. Currently the interest rate is set at 2%, simple interest. There are no payments or interest due for the first five years after a loan is awarded. Annual payments begin in the fifth year of the loan. The full amount must be repaid within 15 years of the loan award. This arrangement provides an excellent opportunity for a community, or the BRA, to use tax incremental financing under the provisions of the Brownfield Redevelopment Financing Act, 1996 PA 381, as amended, to capture future taxes generated from the redevelopment of the property, to repay the loan. Often, through this approach, a community is able to capture additional tax dollars after having repaid their loan, to use for future brownfield redevelopment activities in their communities.

Any county, city, township, village, BRA, or other authority or public body created pursuant to state law may apply for a loan. Eligible activities include environmental investigations and assessments, interim response activities, and in some cases demolition. Due care response activities are eligible under the CMIBRL funding but are not eligible for RRL funds. Only one project may be awarded to an applicant during any fiscal year.

The Site Assessment Fund. This program provides grants up to \$1 million to eligible local units of government to assess the nature

and extent of contamination at properties with economic development potential.

The goal of the program is to ensure safe reuse of abandoned, vacant, or underutilized properties that are known to be contaminated, and to promote redevelopment of brownfields.

The property must have economic development potential and result in both environmental and economic benefit. The funding request must be to conduct a Baseline Environmental Assessment, evaluate due care requirements, or remedial investigation, in compliance with Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, and proposed response activities will allow the applicant to market the property for sale to a new user. Only Core Communities such as Port Huron are eligible for Site Assessment Fund Grants.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3311_4110---.00.html

Coastal Zone Management Grants

The purpose of the Coastal Zone Management Program is to assist coastal communities and other eligible applicants in meeting the goals and objectives identified in the federal Coastal Zone Management Act and Michigan's Coastal Management Program.

The goals of the program are to protect, manage and restore coastal communities and habitats; restore historic structures; revitalize urban waterfronts; and increase recreational opportunities along Michigan's Great Lakes coast.



Projects must do one or more of the following:

- Enhance or create public access to Michigan’s coast.
- Protect, manage and/or restore coastal resources, habitats and watersheds.
- Revitalize urban waterfronts.
- Preserve and restores historic and cultural coastal resources.
- Research or provides education on Great Lakes and coastal issues.
- Reduce development in coastal hazard areas.
- Assist communities in managing the cumulative and secondary impacts of coastal development.
- Protect coastal water quality.

Coastal units of government including cities, counties, villages and townships, area-wide agencies, including regional planning commissions and conservation districts, universities and school districts, non-profit organizations and tribal governments are eligible.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3677_3696-11198--,00.html

High Quality Waters Program

High Quality Waters Program provides funding to implement MDEQ-approved water plans that place an emphasis on protecting high quality waters. The goal is to provide for the permanent long-term protection of Michigan’s high quality waters.

Eligible agencies included county or local units of government and non-profit agencies.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3686_3728-32361--,00.html

Illicit Connections Grants

This program provides funding to identify and require the correction of illicit connections to storm sewers. Illicit connections are pipes from businesses and homes that are improperly connected to storm sewers; waste is discharged to water bodies rather than directed to a wastewater treatment plant. The goal of the program is to identify illicit connections and require them to be connected to a sanitary sewer.

Eligible agencies included county or local units of government and non-profit agencies.



Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3308_3323-85584--,00.html

Local Water Quality Monitoring Grants

Local Water Quality Monitoring Grants provide funding to local governments and organizations to implement water quality monitoring programs throughout the state. The goal of the program is to collect water quality data that can be used to support local decision-making; to identify sources of pollution; and to generate local interest in water quality. Grantees may collect chemical, physical, and/or biological data as appropriate based on local issues and concerns.

Local governments (city/townships), county health departments, tribal governments, watershed councils, and conservation districts, and academia are eligible.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3308_3323-143435--,00.html

Michigan Great Lakes Protection Fund

The Michigan Great Lakes Protection Fund provides a source of reliable funding for new research and demonstration projects to preserve, enhance, and restore the Great Lakes and component

ecosystems. The goal of the program is to further the objectives of the United States/Canada Great Lakes Water Quality Agreement and the Great Lakes Toxic Substances Control Agreement. Emphasis is placed on research that results in needed policy development or significant near-term improvement in water quality and environmental health.

Local, state, and federal governments, universities, non-governmental organizations, and profit and non-profit organizations are eligible.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3677_3699-126643--,00.html

Nonpoint Source Pollution Control Grants – Clean Michigan Initiative

Nonpoint Source Pollution Control Grants provide funding to implement the physical improvements in approved watershed management plans, and to address specific sources of nonpoint source pollution as identified by the MDEQ. Physical improvements are structural and vegetative best management practices.

The goal of the program is to reduce, eliminate and prevent nonpoint source pollution with long-term solutions on a watershed basis.

Eligible agencies include county or local units of government and non-profit agencies. An MDEQ-approved watershed plan is



required to be eligible for these funds. Remedial Action Plans and Lakewide Management Plans are considered approved watershed management plans. All other watershed management plans must be submitted to the MDEQ for approval.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3308_3323-97415--00.html

Nonpoint Source Pollution Control Grants – Federal Clean Water Act Section 319

Nonpoint Source Pollution Control Grants provide funding to: 1) develop watershed management plans to address nonpoint sources of pollution; and 2) implement nonpoint source activities identified in MDEQ-approved watershed management plans.

The goal of the program is to reduce, eliminate and prevent nonpoint source pollution with long-term solutions on a watershed basis. This funding source provides for the implementation of physical improvements as well as information/education strategies, land use planning, the installation of easements and related activities.

Eligible agencies include county or local units of government and non-profit agencies. An MDEQ-approved watershed plan is required to be eligible for implementation funds. Remedial Action Plans and Lakewide Management Plans are considered approved watershed management plans. All other watershed management plans must be submitted to the MDEQ for approval.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3682_3714-158668--00.html

Remedial Action Plans and Lakewide Management Plans

Remedial Action Plans and Lakewide Management Plans are intended to implement water quality recommendations in Remedial Action Plans (RAPs) and Lakewide Management Plans (LaMPs). RAPs are developed under the Great Lakes Water Quality Agreement to address sources of contamination in specific areas of concern. LaMPs are developed under the Great Lakes Water Quality Agreement to address sources of contamination in the Great Lakes.

The goal of the program is to implement water pollution controls in Remedial Action Plans in order to restore and de-list Michigan's Great Lakes Areas of Concern, or, as part of MDEQ's participation in the Lakewide Management Plans.

Eligible agencies included county or local units of government and non-profit agencies.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3677_15430-55255--00.html



Small Business Pollution Prevention Revolving Loans

The Small Business Pollution Prevention Loan Program was established to provide eligible small businesses with low-interest loans to implement pollution prevention projects. Projects may either be identified through a waste reduction assessment under the Retired Engineers Technical Assistance Program (RETAP) or by the loan applicant.

The goal of the program is to remove financing barriers for small businesses in Michigan by offering low-interest loans for projects that reduce waste, or conserve water or energy. The program provides an incentive for small businesses to initiate or expand on pollution prevention activities in order to reduce waste, energy, and water usage and save money.

This financial assistance is available to any business that is independently owned and operated, is not dominant in its field, and employs 500 or fewer individuals. Projects considered for funding must meet the regulatory criteria for pollution prevention. In addition, the applicant's lending institution must be willing to finance the project and participate with the MDEQ in the loan. The maximum loan amount is \$400,000 with the MDEQ contributing a maximum of \$200,000. To be eligible, a pollution prevention project must reduce waste generated by the facility, reuse or recycle that waste in an environmentally sound way, or reduce water or energy usage. Types of projects that may be funded include:

- Equipment or technology modifications.
- Process or procedure modifications.
- Redesign of products and substitution of raw materials.

- Improvement in housekeeping, maintenance, training, or inventory control.
- Certain energy efficiency or water conservation improvements.
- Agricultural energy production systems.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3307_3515_4144---.00.html

Strategic Water Quality Initiatives Fund

The Strategic Water Quality Initiatives Fund (SWQIF) provides low-interest loans for water pollution control projects involving the on-site upgrade or replacement of failing septic systems or for the removal of groundwater or storm water from sanitary or combined sewer leads.

The goal of the program is to assist municipalities in funding wastewater treatment improvements that cannot qualify for assistance from the State Revolving Fund.

Any city, village, township, county, or related utility authority is eligible. Applicants must present environmentally sound, cost effective water pollution control projects which are drawn from Project Priority Lists (PPLs) administered by the Environmental Science and Services Division.



Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3307_3515_4143---,00.html

Targeted Watershed Grants Program

Targeted Watershed Grants are intended to implement watershed protection and restoration efforts at the community level and determine if those approaches: 1) produce short-term environmental results; 2) have the potential for long term maintenance in a watershed; and 3) have national applicability.

The goal of the program is to encourage successful community-based approaches to restore, preserve, and protect the nation's watersheds. To provide resources to organizations with watershed plans to implement projects that achieve quick, yet tangible environmental change.

Eligible agencies include State and tribal water pollution control agencies, interstate or inter-tribal agencies, local units of government, and non-profit entities. The project must be consistent with a watershed plan.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3307_3515_5989-11198--,00.html

Voluntary Storm Water Permits

This program provides funding to implement MDEQ-approved water plans that were developed under a National Pollutant Discharge Elimination System (NPDES) general wastewater discharge permit for storm water discharges from separate storm water drainage systems.

The goal of the program is to implement water quality protection or improvement activities in the MDEQ-approved watershed plans.

Eligible agencies include county or local units of government and non-profit agencies.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3682_3713-10252--,00.html

Waterfront Redevelopment Grants

Clean Michigan Initiative (CMI) Waterfront Redevelopment Grants provide funding to local units of government and other public bodies to revitalize waterfront properties by funding property acquisition, demolition, response activities, and public infrastructure and public facility improvements.

The goal of the program is to encourage new private investment and private job creation along waterfronts. Projects which are primarily parks and recreation in nature will generally not be funded under this program.



Grant funds may be used for eligible activities that are part of a project described in a waterfront redevelopment plan. Waterfront means land that is contiguous to the Great Lakes or their connecting waterways, a river, a lake, or an impoundment that has a surface area of not less than 50 acres. The plan must include a description of how the project will significantly contribute to local economic and community redevelopment or the revitalization of adjacent neighborhoods, and how the project will provide for public access to the waterfront or will provide recreational opportunities for the public.

Any local unit of government, including a county, city, village, township, or an agency of a county, city, village, or township, or an authority or other public body created by or pursuant to state law is eligible. The applicant must submit a waterfront redevelopment plan. Grants may not be used for land or facilities that will be owned or operated by a gaming facility, a stadium or arena for use by a professional sports team, or a private or municipal marina.

Eligible activities include:

- Environmental response activities on waterfront property consistent with a waterfront redevelopment plan.
- Demolition of buildings and other facilities along a waterfront that are not consistent with a waterfront redevelopment plan.
- Acquisition of waterfront property or the assembly of waterfront property consistent with a waterfront redevelopment plan.

- Public infrastructure and facility improvements to waterfront property consistent with a waterfront redevelopment plan.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3311_4110_29262-151092--,00.html

Wellhead Protection Program Grants

Wellhead Protection Program Grants provide funding to community public water supplies and nonprofit non-community public water supplies for the development and implementation of wellhead protection (WHP) programs. A wellhead protection area represents the surface and subsurface area within a ten-year time of travel for groundwater surrounding a water well or well field.

The goal of the program is to provide incentives and financial assistance for development and implementation of WHP programs and management strategies.

Applicant must be a community public water supply or a non-profit non-community water supply.

Resources

MDEQ:

http://www.michigan.gov/deq/0,1607,7-135-3313_3675_3695---,00.html

