

# Storm Water Project Financing Through Michigan's Revolving Fund Loan Programs



# State Revolving Fund (SRF or CWSRF)

- First loan tendered in 1989
- Jointly administered by MDEQ and MMBA
- Leveraged program
- Fixed rate loans with 20 year amortization
- Interest rates set annually (1 5/8% - 2 1/2 %);  
2 1/2% for FY 2009
- Federal cap grants and 20% state match plus up to \$900 million in Proposal 2 resources
- Current lending capacity @ \$400-500 million/yr
- Nearly \$3.2 **billion** w/ 327 loans to date

# SRF Project Eligibility

- **Section 212 Projects: “Publicly Owned Treatment Works”**

- I: Secondary Treatment (24%)
- II: Advanced Treatment (1%)
- IIIA: Minor Rehabilitation (I/I Removal) (3%)
- IIIB: Major Rehabilitation (2%)
- IVA: New Collection Sewers (4%)
- IVB: New Interceptors (14%)
- V: CSO Control (52%)
- VI: Storm Water Treatment (0%)

- **Section 319 Projects: “Non Point Source Projects”**

- VII: Non-Point Source Projects (< 1%)

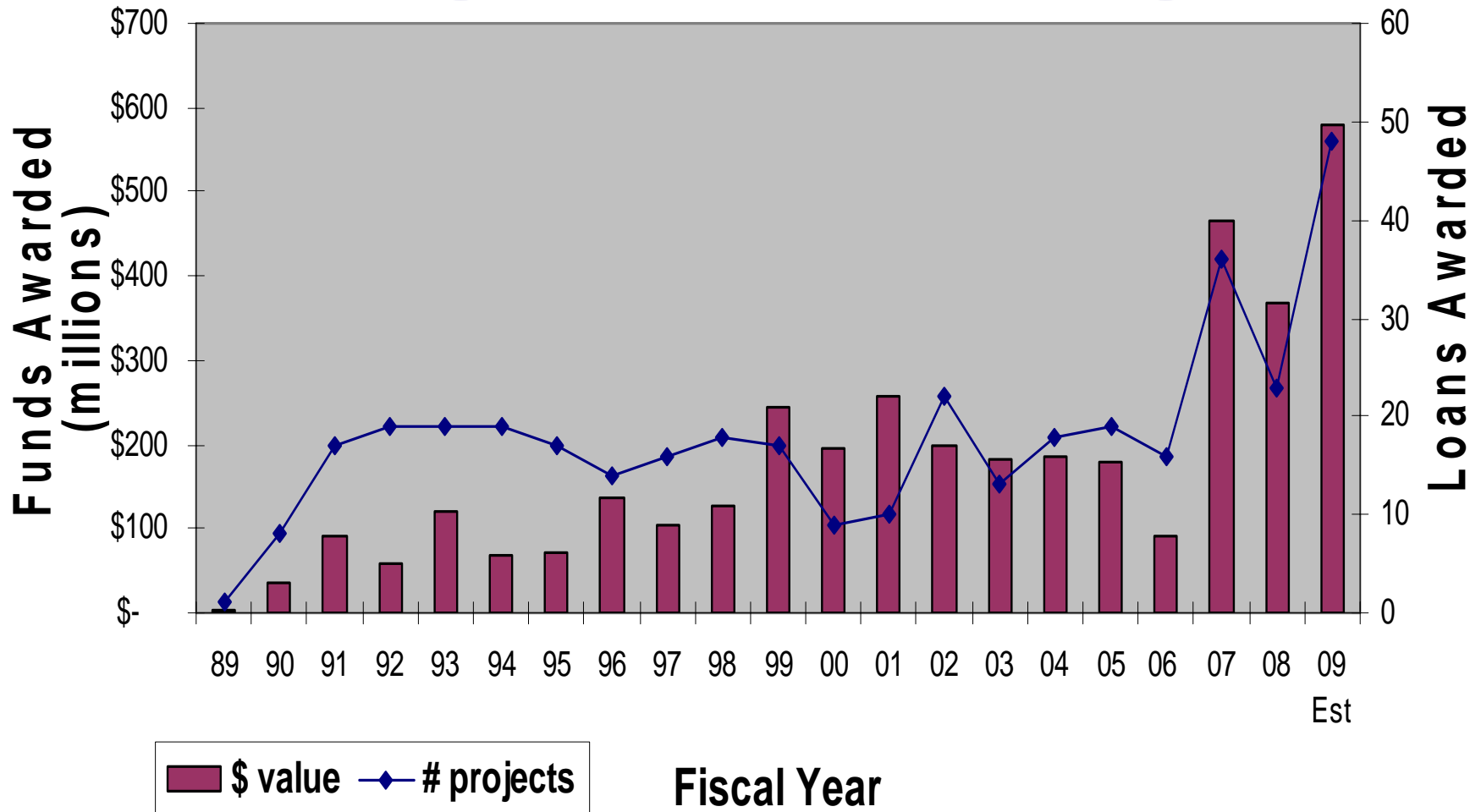
# Strategic Water Quality Initiatives Fund (SWQIF)

- First loan tendered in 2004
- Jointly administered by MDEQ and MMBA
- Grants for SRF/SWQIF application costs (\$40 million)
- Fixed rate loans with 20 year amortization
- Interest rates set annually (2 1/2 % for FY 09)
- State funded from 10% of Proposal 2 resources (up to \$100 million; 60/40 loans/grants)
- Current lending capacity @ \$10 million/yr
- Over \$7.5 **million** w/ 7 loans to date

# SWQIF Loan Project Eligibility

- On-Site Septic Tank & Tile Field Upgrade or Replacement (0%)
- Infiltration/Inflow Removal from Sanitary or Combined Sewer Leads (100%)
  - Footing drain removal
  - Yard drain removal
  - Downspout disconnection
  - House lead rehabilitation

# SRF HISTORY IN MICHIGAN



# Great Lakes Water Quality Bond Fund (Proposal 2) Status/Recap

- Nov 2002: Vote authorized \$1 Billion GO bonds to be sold for water pollution control projects through the SRF/SWQIF
- \$56 million sold to date for SWQIF
- From 2002 thru 2006, SRF was able to fully meet all application demands w/o Prop 2 resources
- SRF need remains high – demand now exceeds fund's ability to lend
- Bonds will be sold as cash is needed

# Items of Note:

- Anticipate over \$500 million in loans to over 50 projects in FY 09
- Large SRF projects continue in Detroit, Dearborn, Lansing, and Wayne County
- Reduced state match commitments in FY 05-09
- Reduced annual Federal SRF capitalization
- FY 09-12 demand will remain high
- At least 2% of available SRF lending must be allocated for non-point source projects

# Storm Water Projects in the SRF

- Potentially as either a Section 212 or Section 319 project
- Section 319/NPS can be any project consistent with recommendations of an approved Watershed Mgt Plan
- One NPS project to date: Four seeking funding in FY 09 (Ann Arbor and Auburn Hills)
  
- Limited SRF interest to date – reasons?
- Preference for grant assistance
- Enforcement priorities
- Implementation of BMPs often pursued w/o borrowing
- Requires municipal bonding authority
- Requires dedicated source of revenue for debt
- MS-4 and TMDL programs still evolving

# SRF & SWQIF Program Contacts

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