



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGIONAL ADMINISTRATOR
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

MAR 17 2017

Mr. Keith Creagh, Director
Michigan Department of Natural Resources
Constitution Hall
525 West Allegan Street
PO Box 30028
Lansing, MI 48909

The Honorable Karen W. Weaver, Mayor
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Dear Director Creagh and Mayor Weaver:

I am pleased to conditionally award \$100,000,000 in supplemental Drinking Water State Revolving (DWSRF) funds to the Michigan Department of Environmental Quality (MDEQ), as authorized under the *Water Infrastructure Improvements for the Nation Act* (WIIN). These federal funds, combined with the \$20,000,000 in required state match, provide a great opportunity to replace lead service lines and improve water infrastructure in the City of Flint, Michigan (City). We look forward to continuing our joint efforts to improve the City's public water system.

This award is based upon the supplemental Intended Use Plan (IUP) submitted by MDEQ on February 17, 2017, which contains five separate projects. For three of these projects (service line replacement, distribution system/transmission main improvements, and corrosion control studies and asset management plan) all requirements necessary to be placed on the IUP have been completed and these projects are approved. Two of the projects (meter replacement and water treatment plant improvements) have been conditionally listed on the IUP because all of the required application steps have not yet been completed (including development of an alternatives analysis and undertaking a public participation process). Thus, this conditional award authorizes MDEQ to make funds immediately available only for the three approved projects. The funds associated with the two conditionally-listed projects cannot be made available for use until: 1) all application steps are completed; 2) the IUP is amended to remove the conditional listing; and 3) an amended IUP is submitted by MDEQ to EPA for review and approval.

The following summarizes the projects outlined in the MDEQ IUP:

Approved Project Categories

The following Project Categories were included in the project plan submitted by the City to the MDEQ in June 2016:

Project Number	Description	Commitment Amount	Remaining Steps Identified in the IUP Prior to Construction
7421-01	Service Line Replacement	\$40M	<p>Development of environmental assessment with 30-day public comment period</p> <p>Completion of three-part application for funding</p> <p>Submittal of bid costs</p> <p>Signing of financial agreement between city and state</p>
7423-01	Distribution system/ transmission main improvements	\$10M	<p>Submittal, review, and approval of plans and specifications</p> <p>Development and advertisement of bid package</p> <p>Development of environmental assessment with 30-day public comment period</p> <p>Completion of three-part application for funding</p> <p>Submittal of bid costs</p> <p>Signing of financial agreement between city and state</p>

Local Assistance/Capacity Development Set-aside	Corrosion Control Studies and Asset Management Program	\$1.5M	
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Pending Project Categories

The following projects are subject to completion of the state DWSRF application process. As indicated in the MDEQ IUP, meter replacement and water treatment plant upgrades are conditionally included in the IUP. As meter replacement and water treatment plant upgrades were not included in the original project plan submitted by the City in June 2016, the City will need to submit a project plan amendment to MDEQ in order to include costs related to these categories. The City cannot request funds from MDEQ related to these categories until the project plan amendments are submitted, reviewed, and approved by the MDEQ, MDEQ amends the IUP and submits it to EPA, and the amended IUP is approved by EPA. Work has begun on the project plan amendments. EPA expects the amendments to be submitted once the alternative analysis and public participation process has been completed. I also note that EPA is reviewing the eligibility of the water meter project under the authorizing language in WIIN. EPA will make a final determination as to whether the water meter project is eligible for funding if it is included in the revised IUP submitted to EPA.

Project Number	Description	Commitment Amount
7422-01	Meter Replacement	\$10M
7424-01	Water Treatment Plant Improvements	\$58.5M

The IUP may be amended at any time but must be submitted to EPA for review and approval. All project categories require additional work before construction can begin, and we encourage the City and MDEQ to expedite the process and ensure public participation. As under the traditional DWSRF process, the City is responsible for project planning and implementation. MDEQ has primary oversight responsibility and will review and approve expenses and reimburse the City for eligible activities.

Transparency is of the utmost importance to ensure that the funds are being used effectively and efficiently to address drinking water needs. Regular reporting to EPA and the general public on project progress will be required as outlined in the grant terms and conditions.

If you have any questions about this letter, please do not hesitate to contact me.

Sincerely,

Robert A. Kaplan
Acting Regional Administrator