
From: Shekter Smith, Liane (DEQ)
Sent: Monday, October 19, 2015 1:37 PM
To: Pallone, Maggie (DEQ)
Cc: Sygo, Jim (DEQ); Shaler, Karen (DEQ); Devereaux, Tracy Jo (DEQ)
Subject: FW: Statutory changes to Part 54

Maggie -

Based on our conversation on Friday, I think with the small changes provided by Sonya below we should be all set. Please let me know if you need anything else.

Liane

From: Butler, Sonya (DEQ)
Sent: Monday, October 19, 2015 8:26 AM
To: Shekter Smith, Liane (DEQ)
Cc: Pallone, Maggie (DEQ)
Subject: RE: Statutory changes to Part 54

My suggested revisions are noted below. Let me know if there are any questions.

From: Pallone, Maggie (DEQ)
Sent: Thursday, October 08, 2015 3:02 PM
To: Butler, Sonya (DEQ); Shekter Smith, Liane (DEQ)
Subject: RE: Statutory changes to Part 54

What language would you recommend instead?

Obviously EPA allows the money to be spent on private lead service line replacement, and I can't imagine that they would require the city to operate and maintain the lines (no city would take on that liability). Is there someone at EPA can help us expedite a review so I can get final language over to the legislature tomorrow?

In addition, do we need to clarify that the loans can receive principal forgiveness or in that just internal?

Thanks,
Maggie

From: Butler, Sonya (DEQ)
Sent: Thursday, October 8, 2015 2:56 PM
To: Pallone, Maggie (DEQ) <PalioneM@michigan.gov>; Shekter Smith, Liane (DEQ) <SHEKTERL@michigan.gov>
Subject: RE: Statutory changes to Part 54

I'm still waiting for replies from other states. So far I've heard from:

- MN which does not fund any private service line work as there are questions concerning the ability of a city to issue general obligation bonds for work on private property.
- Ohio will fund lead service lines but has no guidance. They rely on the federal eligibility guidance.

The definition below needs to acknowledge lead residential service lines. I think Treasury needs to be consulted about the ownership of the service line (public vs. private) and how that will affect the financing of the loan to a community to replace the lead service lines. Otherwise, we could end up with a statute change that does not resolve the issue. Similar to the issue we have in SWQIF for replacing failing septic systems.

The additional sentence in 5409(1)(d) will not work. You are using federal dollars to fund a 'public' project. A requirement of using public funds is that the asset will be properly operated & maintained. There is no distinction between the public or private ownership of the asset if the project is funded with public money. In order to show due diligence on behalf of the city, there needs to be an assurance that the asset being publicly funded will be operated & maintained appropriately. Moving forward with this language would put the entire DWRF program in jeopardy with EPA.

From: Pallone, Maggie (DEQ)
Sent: Thursday, October 08, 2015 2:00 PM
To: Shekter Smith, Liane (DEQ); Butler, Sonya (DEQ)
Subject: RE: Statutory changes to Part 54

I made the two changes that we discussed yesterday evening- changing the definition to privately owned and wordsmithing the second change in 5409.

Thanks for your help with this.

Maggie

324.5403 Definitions; P to W.

Sec. 5403.

As used in this part:

(a) "Priority list" means the annual ranked listing of projects developed by the department in section 5406.

(b) "Project" means a project related to the planning, design, and construction or alteration of a waterworks system.

(c) "Project refinancing assistance" means buying or refinancing the debt obligations of water suppliers if construction activities commenced, and the debt obligation was incurred, after the effective date of this part.

(d) "Public water supply" means a waterworks system that provides water for drinking or household purposes to persons other than the supplier of the water, except for those waterworks systems that supply water to only 1 house, apartment, or other domicile occupied or intended to be occupied on a day-to-day basis by an individual, family group, or equivalent.

(e) "State drinking water standards" means rules promulgated under Act 399 that establish water quality standards necessary to protect public health or that establish treatment techniques to meet these water quality standards.