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More Than $1 Billion in Low-Interest Loans Help Michigan Communities Upgrade Water Infrastructure, Protect Health, Environment.

Critical water system upgrades are in the works in dozens of Michigan communities thanks to $1.05 billion in low-interest loans from the state revolving funds. The Michigan Department of Environment, Great Lakes, and Energy (EGLE) issued financing agreements to 72 projects in the Drinking Water and Clean Water state revolving funds across the state in fiscal year 2024.

These projects ensure safe drinking water is available for residents and reduce the risk of contaminants entering surface water and ground water. Funds for these low interest financing programs come from the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund – mixes of federal and state dollars dedicated to financing community water infrastructure projects.

Requests for loan dollars were overwhelming, as cities, villages, and towns across Michigan struggle to maintain deteriorating water infrastructure. Properly functioning water systems are crucial to Michiganders' quality of life – from the water flowing from taps to the numerous lakes and streams that provide amazing recreational opportunities and flood control. Infrastructure is often taken for granted until it fails, impacting the well-being of people and the environment.

State Revolving Fund (SRF) interest rates are well below market rate and occasionally provide the opportunity for communities to secure principal forgiveness – a portion of the loan that does not have to be repaid. In fiscal year 2024, $147.3 million in loan dollars were forgiven for communities with financial hardships.

Demand has outpaced available funds, however, with community requests for project financing totaling nearly three times available funding.

"These long-term, low-interest loans help protect public health and the environment, reduce pressure on communities to raise funds quickly for essential upgrades, and minimize the need for large user rate increases," said Paul McDonald, EGLE's chief financial officer. "We've seen historic demand for assistance from the state revolving funds. While we've been unable to meet the entire demand, it is gratifying to see projects come to life in communities large and small."

"The state revolving funds have provided financing for communities undertaking water infrastructure improvements over the past 30 plus years," said Kelly Green, administrator of EGLE's SRF programs. "It's a proven program with long term financing options at very low interest rates that help communities and infrastructure users meet their needs and set the table for long-term success."

Detailed information on the low-interest loans issued to communities this year can be found by accessing the SRF visual dashboard. The dashboard also contains information on every loan issued under the SRF programs.

Those interested in hearing more about EGLE grants and loans may subscribe to “EGLE grant and loan opportunities” communications and others at EGLE’s email update sign-up webpage.

Descriptions of funding sources

Drinking Water State Revolving Fund (DWSRF): Low-interest loan program to help public water systems finance the costs of replacement and repair of drinking water infrastructure to protect public health and achieve or maintain compliance with federal Safe Drinking Water Act requirements. As water systems repay their loans, the repayments and interest flow back into the DWSRF to support new loans.

Clean Water State Revolving Fund (CWSRF): Used by local municipalities to finance construction of water pollution control projects. These projects include wastewater treatment plant upgrades and expansions, combined or sanitary sewer overflow abatement, new sewers designed to reduce existing sources of pollution, and other publicly owned wastewater treatment efforts that improve water quality. The CWSRF can also finance stormwater infrastructure projects to reduce nonpoint sources of water pollution caused by runoff to lakes, streams, and wetlands.

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September 25, 2024

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