





<b>FY2018 Michigan PWSS Program Capacity Development Work Plan Summary</b> October 1, 2017 to September 30, 2018 Federal funding used: PWSS grant, DWSRF set-asides	
<b>State Contact</b>	Amy Lachance, <a href="mailto:lachancea1@michigan.gov">lachancea1@michigan.gov</a> , 616-490-9590
<b>EPA Region 5 Contact</b>	Sahba Rouhani <a href="mailto:rouhani.sahba@epa.gov">rouhani.sahba@epa.gov</a> (312) 886-0245
<b>Expectations</b>	<p>MDEQ ensures that new and existing CWSS/NTNCWSs can demonstrate technical, managerial, and financial capacity to operate in compliance with federal and state regulations.</p> <p>MDEQ will submit their annual capacity development report as part of their annual consolidated report each year by December 31st showing the ongoing implementation of both the new systems program and the existing systems strategy to avoid 20% withholding of the DWSRF capitalization grant. The report should address the capacity development reporting measures.</p> <p>MDEQ commits to respond to comments from previous year’s approval letter.</p> <p>Every three years, submit a report to the governor and provide a copy to R5 on the efficacy of the strategy and the progress made toward improving the capacity of water systems in Michigan. The report to the governor is due October 1, 2020. It is required that Michigan make this report available to the public.</p> <p>Participate in quarterly Operator Certification/Capacity Development calls with Region 5 staff and other Region 5 States.</p> <p>Participate in development/planning and attending the Region 5 Operator Certification/Capacity Development workshop to be held at Region 5 in Chicago in FY 2019; date TBD.</p> <p>MDEQ promotes “Sustainable Water Infrastructure” activities to improve capacity and sustainability of water systems, through training opportunities in asset management. For example, provide technical assistance on starting an asset management program or conduct energy audits for treatment plants. State’s rules incorporate sustainable infrastructure by requiring Capital Improvement Plans (CIP) beginning January 1, 2016; and by requiring Asset Management Plans beginning January 1, 2018. MDEQ should consider heading a workgroup with R5 and other States on Asset Management, given MDEQ’s leadership in this area.</p> <p>MDEQ has incorporated source water protection and sustainable infrastructure activities in their sanitary survey process. MDEQ Operator Certification program is offering several training courses in Asset Management. Additionally, staff</p>

	<p>developed training materials and sent reminder letters to impacted supplies reminding them of the 1/1/2018 deadline for having an Asset Management Plan.</p> <p>Identify TMF obstacles/challenges faced by systems that are out of compliance and implement strategies to address these obstacles, such as conduct appropriate training to assist systems to return to compliance.</p>
<p><b>Region 5 Assistance</b></p>	<p>R5 will send a reminder to Michigan about the capacity development annual report in June, annually.</p> <p>Region 5 is currently developing a capacity development strategy for the Region to work closely with the States to evaluate and improve the current CapDev programs. Region 5 anticipates implementing it during FY 2018.</p> <p>As requested, the R5 sustainable water infrastructure (SWI) workgroup will provide training and outreach materials to water system operators and technical assistance providers, in coordination with Michigan, to promote SWI activities including those related to water and/or energy efficiency, asset management, and climate change adaptation and mitigation activities. SWI is important to the success of other PWSS program activities, including source water protection, DWSRF, operator certification, and all-hazards resilience approaches.</p> <p>Region 5 to host Operator Certification/Capacity Development workshop in FY 2019, TBD, to facilitate State discussions and lessons learned.</p>
<p><b>Discrepancies</b></p>	<p>In FY 2018, there are 3 activities that MDEQ is currently not fully implementing:</p> <ol style="list-style-type: none"> <li>1. NCWS Data Management Limitations: MDEQ is able to report some violations to SDWIS-Fed, but not all violations. Work is underway to move the NCWS data management system to SDWIS-State; please see FY 2017 Implementation Plan (dated Oct 4, 2017)</li> <li>2. Issuance of Tier 3 Public Notice (PN) Violations: due to resource limitations, MDEQ has only followed up on Tier 1/Tier 2 PN violations. Beginning July 1, 2018, MDEQ will post on its website all Tier 3 PN violations, until it can achieve full implementation. Please see FY 2017 Implementation Plan (dated Oct 4, 2017)</li> <li>3. Issuance of Reporting Violations: due to resource limitations, MDEQ placed a lower priority on enforcement of missed reporting deadlines when the data was taken within the proper timeframes, but results were submitted to the State after the deadline. State has outlined commitments. Please see FY 2017 Implementation Plan (dated Oct 4, 2017)</li> </ol> <p>Region 5 tracks progress related to state and EPA efforts to obtain additional resources necessary to enable MDEQ to fully implement</p>

	NCWS violation reporting, report Tier 3 PN violations, and issue reporting violations related to late reporting of required sample results.
<b>Milestones</b>	<p>Annually provide documentation to R5 showing the ongoing implementation of both the new systems program and the existing systems strategy. Due date: July 1<sup>st</sup>.</p> <p>The next report to the governor is due October 1, 2020.</p>
<b>Self-Assessment and Evaluation</b>	<p>See May 22, 2018 Region 5 Evaluation letter.</p> <p>See excerpt below from FY 2015/FY 2016 End-of-Year PWSS program evaluation report, dated December 18, 2017.</p> <p>No new systems within the last four years (FY 2014 – FY 2016) were considered a high priority for enforcement (i.e., had a score of 11 or more on the Enforcement Tracking Tool (ETT)).</p> <p>The Revolving Loan Section within the Drinking water and Municipal Assistance Division within MDEQ works with water systems to develop Financial Action Plans, and promotes the development of Asset Management Plans and CIPs.</p>
<b>Relevant Attachments/References</b>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">         2017 Michigan's Approval Letter.pdf     </div> <div style="text-align: center;">         2018 Michigan CD Approval.pdf     </div> </div> <p>See FY 2017 and FY 2018 Region 5 Evaluation letter.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">         2017 MI Capacity Development Annual Report     </div> <div style="text-align: center;">         MI Governor_Report 20     </div> </div> <p>Michigan Capacity Development website:  <a href="https://www.michigan.gov/deq/0,4561,7-135-3313_3675_3691-61632--_00.html">https://www.michigan.gov/deq/0,4561,7-135-3313_3675_3691-61632--_00.html</a></p> <p><i>Optional:</i> Include as relevant attachments/references: original state submittals (e.g., new and existing systems capacity development strategies), applicable state administrative codes, state policies/guidelines, web page(s).</p>

Excerpt from FY 2015/FY 2016 End-of-Year PWSS program evaluation report, dated December 18, 2017.

**Capacity Development:** MDEQ ensures that new and existing CWSs and NTNCWSs can demonstrate technical, managerial, and financial capacity to operate in compliance with federal and State regulations. MDEQ annually provides documentation to EPA Region 5 by December 30<sup>th</sup> to show the ongoing implementation of the Capacity Development Program for New Systems and the Capacity Development Strategy for Existing Systems, in order to avoid 20%

withholding of the DWSRF grant. The FY 2015 and FY 2016 Capacity Development reports were received by their respective deadlines and approved. Highlights from EPA Region 5's approval letters include:

- EPA Region 5 recommends providing extra technical, financial and managerial assistance to existing systems which have changed their source water or have a new source.
- EPA Region 5 recommends including systems which change classification from a TNCWS to a NTNCWS, on the list of new systems for which capacity is tracked more closely.
- EPA Region 5 supports MDEQ's new regulations that require an asset management program for CWSs with a population greater than 1,000, beginning January 1, 2018.

No new systems within the last four years (FY 2013—FY 2016) were considered a high priority for enforcement [i.e., had a score of 11 or more on the Enforcement Tracking Tool (ETT)].

MDEQ has implemented several regulatory initiatives to promote asset management at water supplies. Drinking water administrative rules were amended to strengthen capacity development and asset management principles, by requiring all municipal public water systems designed to provide fire protection to complete a more comprehensive Asset Inventory, and prepare 5-year and 20-year Capital Improvement Plans (CIP) by January 2016. Additionally, previously exempt facilities (those licensed annually by the State, including manufactured housing communities and health care facilities), are required to prepare a general plan by January 2016. A second set of amendments to the drinking water administrative rules were promulgated by the State in October 2015 which will require CWSs with a population greater than 1,000, including municipal and private systems, to implement an Asset Management Plan by January 2018. The Asset Management Plan required in the amendments, includes an Asset Inventory,

5-year and 20-year CIPs, and a summary of the funding structure and rate methodology that provides sufficient resources to implement the Asset Management Plan. The Revolving Loan Section within the Drinking Water and Municipal Assistance Division within MDEQ works with water systems to develop Financial Action Plans, and promotes the development of Asset Management Plans and CIPs.