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MI Water Navigator: Creating a Ripple Effect in Michigan's Technical Assistance

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MI WATER NAVIGATOR: CREATING A RIPPLE EFFECT IN MICHIGAN'S TECHNICAL ASSISTANCE

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Executive Summary

The MI Water Navigator Project has been a pivotal initiative designed to assist Michigan's local governments—particularly those from disadvantaged and economically overburdened communities—in securing funding for critical water infrastructure projects. Spearheaded by the Michigan Municipal League Foundation (MML Foundation), in partnership with OHM Advisors, the Charles Stewart Mott Foundation, the Joyce Foundation, Masco Corporate Giving, and the Michigan Department of Energy, Great Lakes, and Environment (EGLE), the project provided tailored technical assistance to help communities access funding programs.

Through the MI Water Navigator platform, we assisted over 174 communities as they worked to understand programs like the Drinking Water State Revolving Fund (DWSRF), Clean Water State Revolving Fund (CWSRF), and EGLE Source Water Protection Grant application process, among many others. Our team worked with overburdened communities to answer questions and prepare applications. The work with these communities emphasized the critical need for assistance in securing funding. It highlighted large gaps in community preparedness, reinforcing the need for and importance of comprehensive assistance for overburdened communities to be competitive in securing federal and state water funding.

MI Water Navigator has now been fully transitioned to its permanent home as part of the MI Funding Hub—an "all of infrastructure" expansion of the MI Water Navigator and Michigan Municipal League (the League) ServeMI City programs. The MI Funding Hub is operated by the League and funded by the MI Department of Labor and Economic Opportunity (LEO).

THE CONTEXT: WHY COMMUNITIES NEED MORE INFRASTRUCTURE SUPPORT

Introduction

When we first imagined the MI Water Navigator program, Michigan communities were racing against the clock to fix aging water infrastructure and meet new Michigan Lead and Copper Rule standards, and the American Rescue Plan Act (ARPA) was just emerging. We knew our communities needed support leveraging the generational funding ARPA provided to meet these standards, and together with partners at the MI Department of Environment, Great Lakes, and Energy (EGLE); the Joyce Foundation; the Charles Stewart Mott Foundation; and Masco Corporate Giving, we were able to bring together a team of engineering experts (OHM Advisors) to provide application technical assistance to communities across the state. We also created and launched the first ever centralized database of water infrastructure grants and funding in the state of Michigan to make finding and applying for funding easier than ever before.

As communities' needs changed and new federal funding opportunities came down the pipeline (e.g., the Bipartisan Infrastructure Law [BIL], the Inflation Reduction Act [IRA]), we knew we needed a program that adapted to dynamic circumstances. Therefore, we organized the MI Community Technical Assistance Providers Network, in cooperation with EGLE, to ensure that we had the most up-to-date information and partnerships with state and federal partners. Likewise, when state legislators approved changes to the State Revolving Loan Fund (SRF) in 2022—which created new categories for priority funding and an entirely new scoring matrix—we personally reached out to all 128 communities who fell under the new definition of "significantly overburdened," helped over 30 communities submit Intent to Apply forms, and prepared 12 SRF applications for overburdened communities.

Ultimately, MI Water Navigator leveraged over $67 million in funding—including $20 million in ARPA grants—for Michigan communities, awarded $40,000 in lead service line replacement grants, and provided over $400,000 in predevelopment technical assistance. Over 70 overburdened communities large and small received assistance preparing capital improvement plans, engineering plans, Community Block Development grants, USDA Rural Development grants, Source Water Protection grants, and many others. An additional 100 or so communities received lighter-touch technical assistance for grants and funding matchmaking and advising through our program.

As we conclude three years of service, we ask: What's next? Michigan communities need support accessing water infrastructure funding more than ever, especially following the October 2024 updates to federal Lead and Copper Rule standards, which will potentially shrink Michigan communities' timelines for lead service line replacement from 20 years to just 10. We also know that communities need help accessing more than just water infrastructure funding. For example, tearing up roads to install new pipes is a great opportunity to also do road improvements—provided that communities are able to secure funding for both and at the same time. Intentionally stacking funding opportunities across infrastructure projects could enable communities to make significant investments in a wide variety of areas, including energy efficiency, parks and recreation, and placemaking.

Michigan's Infrastructure Is Failing

According to the American Society of Civil Engineers (ASCE), **Michigan faces an estimated $800 million annual funding gap** in needed investments for drinking water and wastewater infrastructure.[1] For lead service line replacement alone, costs for the state have been estimated at nearly $2.5 billion total.[2] Michigan communities find themselves in a bind: **The costs of repair and improvements are massive—but the resources are extremely limited.**

1 American Society of Civil Engineers (ASCE) Michigan Chapter. 2018 Report Card for Michigan's Infrastructure. Accessed: 1 April 2025. https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/FullReport-MI_2018-FINAL.pdf

2 Detroit Today, Nora Rhein. Efforts to Replace Michigan's Lead Water Lines Could Get a Big Boost. https://wdet.org/2021/12/14/efforts-to-replace-michigans-lead-water-lines-could-get-big-boost/ . Accessed

In 2022, when our team first started developing MI Water Navigator, we were in an optimistic era for infrastructure funding with unprecedented, generational funds coming down the pipeline through the American Rescue Plan Act (ARPA), the Bipartisan Infrastructure Law (BIL), and, eventually, the Inflation Reduction Act (IRA). These federal funding sources contributed significantly to the overwhelming costs to replace aging water infrastructure—but now that most of them are spent, frozen, or decreased, communities once again find themselves scrambling to build alternative capital stacks and fund repairs to meet underfunded mandates and necessary infrastructure maintenance.

If we compare the ASCE infrastructure report cards below—from the start of the MI Water Navigator program to now—we can see how these generational funds, alongside sizeable state investments, have improved Michigan's infrastructure ratings across the board. We can also see the sheer scale of funding and capacity support needed to fully update infrastructure to ideal conditions.

Between 2018 and 2023, Michigan's overall infrastructure rating improved only marginally, from D+ to C-. The category of Drinking Water only improved from D to D+. Stormwater likewise crawled upward from D- to D, while Wastewater remained steady at a C grade. The point here is that incredible amounts of quality work were taking place across the state to improve these areas of water infrastructure. Massive investments were underway. However, the scale of funding, workforce, and supplies needed to achieve the coveted A grade in infrastructure safety—or even to replace lead service lines (LSLR)—far exceeds what is available, even when projecting out into the next decade. These investments and improvements, while large in scale at the local level, are but a single droplet in the greater reservoir of infrastructure needs.

Figure 2 Source. ASCE 2018 Report Card for Michigan's Infrastructure. https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/FullReport-MI_2018-FINAL.pdf

Figure 2 Source : ASCE 2023 Report Card for Michigan's Infrastructure. https://infrastructurereportcard.org/wp-content/uploads/2016/10/Report-2023-MI-IRC-Final-WEB.pdf

May 19, 2025. See also: Rhyan, Corwin, George Miller, Elin Betanzo, and Mona Hanna-Attisha. August 2023. Removing Michigan's Lead Water Service Lines: Economic Savings, Health Benefits, and Improved Health Equity. In Journal of Health Affairs Vol. 42, No. 8. Accessed: 1 April 2025. https://doi.org/10.1377/hlthaff.2022.01594

During this period, the State of Michigan alone invested $695 million in BIL funding for water infrastructure improvements; over $4 billion under the MI Clean Water Plan for drinking water, stormwater, and wastewater improvements; and an additional $958 million for LSLR via the Michigan Department of Environment, Great Lakes, and Energy.[3] Impressively, Michigan has also been recognized in the Natural Resources Defense Council (NRDC) report as a national leader in ensuring that resources are deployed equitably across the state in infrastructure policy and in implementation. Of all 50 states, only two received an A grade in this regard from the NRDC—and Michigan was at the forefront.

The key takeaway: Even with unprecedented investment and the highest-rated policies and deployment fairness in the nation, the need still far exceeds capacity support and resources available to communities.

What's more, communities that are disadvantaged, overburdened, or otherwise distressed are far less likely to be able to access what little funding is available. Our team learned this firsthand through the implementation of our technical assistance services and nearly three years of learning and evaluation work. Our program provided capacity support to help the communities who needed an extra boost to access ARP, BIL, and IRA funding, in addition to more traditional sources of infrastructure funding like the State Revolving Loan Fund (SRF). However, we know that generational funding is just that—a once-in-a-lifetime source of support—and, over time, communities need a more stable and reliable source of revenue to maintain and improve infrastructure.

That leads us to our next point: **Michigan's revenue sharing system is broken and needs to be fixed.**

Communities Need Capacity: The Unintended Consequences of Headlee and Prop A

Michigan cities, villages, and townships receive revenue earmarked by the state constitution and statute to help pay for core governmental services such as police protection, fire departments, roads, and garbage collection. Known as "revenue sharing," these funds are tied to restrictions on local property taxes. The nuances of revenue sharing and how a collision of two state-level policies—colloquially known as Headlee4 and Prop A5—have severely reduced local capacity by drastically cutting operational funding that Michigan communities use to fund critical infrastructure work as well as hire and retain staff. The result is a dysfunctional system in need of legislative attention and the reason many communities cannot take on the work of water infrastructure grant applications—especially when a single application can take six months or more to prepare and cost a community upwards of $40,000 in engineering expenses.

IN 1978, MICHIGAN VOTERS APPROVED AN AMENDMENT TO THE MICHIGAN CONSTITUTION KNOWN AS THE HEADLEE AMENDMENT; IN 1994, THEY PASSED THE MICHIGAN EDUCATION FINANCE AMENDMENT, REFERRED TO AS PROPOSITION A. THE COLLISION OF THESE TWO POLICIES HAS GRAVELY IMPACTED THE ABILITY OF LOCAL GOVERNMENTS TO FUND STAFF AND COVER OPERATIONAL EXPENSES THROUGH REVENUE SHARING.

3 Michigan Department of Environment, Great Lakes, and Energy, EGLE Invests More Than $958 Million in Lead Service Line Removals to Protect Public Health, Natural Resources. Accessed 1 April 2025. https://www.michigan.gov/egle/newsroom/press-releases/2024/05/10/958-million-lsl-removals

Michigan has not one but two constitutional limitations on property taxes. The 1978 Headlee Amendment adjusts a community's maximum millage rates up or down based on inflation via a millage reduction fraction—this is known as a "roll-up" or "rollback," depending on the direction of the adjustment. Proposal A, adopted in 1994, limits value growth on a parcel-by-parcel basis to the rate of inflation or five percent, whichever is less, and introduced taxable value as the basis for taxation. Furthermore, it created the "pop-up," in which a property's taxes can spike dramatically once the property is sold, due to its taxable value resetting to its assessed value upon transfer of ownership.

When Prop A was approved, the legislation to implement it eliminated the self-correcting roll-up mechanism provided for by Headlee—but not the rollback. As a result, millage rates no longer track with the economy. To make matters worse, the popped-up home sale values are included in the calculation of the millage reduction fraction. The resulting distortion of property tax growth often triggers a Headlee rollback, effectively negating any deferred growth from the sales.

The current structure of Headlee and Prop A locks local government into recession—often permanently—long after the overall economy recovers. After adjusting for inflation, 55 percent of Michigan cities and townships still have total taxable values below their 2009 total taxable values.

The knock-on effects of Headlee and Prop A have caused a fiscal perfect storm wherein communities do not have the labor power, in-house expertise, or funding to start—let alone finish—critical municipal projects. As seen in the previous section, these capacity shortages, alongside decades of economic stress, have led to Michigan's infrastructure deteriorating to dangerous conditions while the cost of repairs grows astronomically high.

Individually, these two constitutional measures are well intended. Intertwined, they fail to achieve their intent: to balance the cost of services provided at the local level without placing an undue burden on the taxpayer. Instead, their interaction has steadily eroded the public services on which Michigan residents rely.

The fix is simple: Restore the Headlee roll-ups and remove popped-up home sale values from the calculation of the millage reduction fraction. In doing so, the intent of these constitutional provisions can be preserved in a way that benefits both municipalities and the people that live in them.

- Removal of Headlee's roll-up provision was not a part of the constitutional amendment voted on by the people.
- Restoration of the Headlee roll-up would provide important protection for the future of the state's tracking with the economy.
- Removing the popped-up values from the millage reduction fraction calculation would ensure that communities capture the full value of deferred growth when a property sells.

THE BLUEPRINT: MI WATER NAVIGATOR AS A MODEL

At its core, MI Water Navigator attempted to do three things:

1. Create a "one-stop shop" for technical assistance and funding
2. Build capacity support by meeting communities where they're at
3. Establish systems change that would outlive the program

Creating a "One-Stop Shop": The Story of Our Human-Centered Approach

The design process of the MI Water Navigator program was intended to ensure that the program's resources, goals, and interface were as relevant and easy to access as possible. **"Human-centered design" is the term for a set of theories that focus on people and their needs, developing small, incremental interventions that build upon themselves to create major change.** What this meant in the context of MI Water Navigator is that we did not build a program in one fell swoop; rather, we assembled things piece-by-piece over time to meet the needs of Michigan communities as they emerged.

During the exploratory phase of the project, we conducted a series of informational interviews with over a dozen city managers, executives, and nearly 50 water-focused organizations from across the state of Michigan and the Great Lakes region. From these interviews, several key needs emerged:

- Rural and small communities (populations of 10,000 or fewer) were disproportionately affected by 2018 Lead and Copper Rule mandates and had the most difficulty securing funding to meet those standards.
- The vast majority of municipalities faced severe staffing and capacity strains due to decades of belt-tightening as a consequence of Michigan's revenue sharing problem. This means there often aren't enough staff with the time or experience to find, prepare, and manage highly technical funding applications.
- Communities faced significant challenges in knowing what funding was available and how to determine eligibility. This was due to a lack of centralization of resources and nearly every application using different definitions for priority funding (e.g., disadvantaged, overburdened, significantly overburdened, underserved, etc.).

Our initial project proposal had suggested hiring two full-time individuals to provide light technical assistance to municipalities; however, after analyzing the results of the interviews, we determined that we needed to shift scale to provide the magnitude and depth of support that was needed. We were fortunate to have supportive grant partners who wholeheartedly supported a shift from hiring two individuals to contracting an engineering firm (OHM Advisors), which allowed us to design and operate a staffed Helpdesk open to municipalities statewide.

The Helpdesk, like everything in this project, put the experience of the people interacting with it at the forefront. From the first interaction until grant submission, our team prioritized face-to-face interactions rather than email. We made an effort to respond to inquiries within 48 hours and to immediately set up a conversation to learn more about the community, their needs, and their questions. This helped establish a rapport and allowed our team to identify resources and begin the funding matchmaking process while also providing an atmosphere of support for overwhelmed municipal staff.

We found that in order to address the challenge of finding funding and determining eligibility, and to make our newly formed Helpdesk accessible statewide, we needed to create a web platform for the program. With support from our partners at OHM Advisors and Crimson, we developed the first centralized, searchable database of state and federal drinking water funding applications in Michigan. The database was updated regularly and included walkthroughs, FAQs, and direct links to staff contacts for each application. Users could ask questions and start a conversation with our Helpdesk team on every page of the website.

In August 2022, sweeping reform of the State Revolving Loan program drastically changed eligibility requirements and accessibility of the state's most relied-upon water infrastructure funding resource (these reforms are discussed in the State and Federal Policy section). Knowing that navigating eligibility requirements—especially for priority scoring—was a challenge for Michigan communities, we collaborated closely with our partners at EGLE to reach out to all 128 communities who fell under the newly defined priority status of "significantly overburdened." Our team also decided to help 37 communities submit preliminary Intent to Apply applications, including applications for Clean Water State Revolving Funds, even though, at the time, clean water funding was not in our purview.

Moving into year two, we earmarked the expansion of technical assistance support and database resources to include all water infrastructure resources—not just drinking water resources—as a primary goal. This marked a pivotal turning point in the program. Backed with policy, project learning, and impact data, MI Water Navigator raised nearly double the support as in year one, completed the resource expansions, and provided a significant increase in direct technical assistance.

Another challenge arose during this time: With ARPA funding proliferating, technical assistance programming was booming—providers like our regional Environmental Finance Center were expanding support, and new programs were constantly emerging. To prevent duplicative programming and ensure a streamlined and positive experience for communities, our team worked with EGLE to coordinate the Community TA Providers Network. Through this peer-to-peer network, we were able to gather Michigan technical assistance providers to meet quarterly, coordinate facilitated handoffs and referrals between programs, and develop a pipeline of support—as opposed to a patchwork system of one-off technical assistance.

Realizing the increase in need navigating technical assistance providers, we created a Technical Assistance Provider Directory. This addition exemplified the "one-stop shop" ethos of our human-centered design process, as users could now search for both funding and technical assistance at the same time—all while receiving live guidance from our Helpdesk team.

Capacity Support: Meeting Communities Where They're At

A crucial component of MI Water Navigator was our core value of "meeting communities where they're at." This value shaped the program in several ways: It led to the development of a flexible technical assistance (TA) experience that was prepared to help municipal staff with a wide range of knowledge cases; it informed a continual statewide communications campaign to ensure we were reaching as many communities as possible; and it meant that we—quite literally—went out and met communities where they were, through a multitude of workshops, conferences, webinars, and site visits.

To create a flexible TA experience that met communities at the stage of infrastructure planning they were currently at, we developed a process for identifying a community's capacity, needs, and best options for funding. When a community submitted an inquiry through the MI Water Navigator website, a member from the Helpdesk team reached out to begin a conversation.

From there, the process followed three steps;

1. **Assess:** Through an initial phone call and follow-up intake form, the Helpdesk team worked with the community to assess their assets and needs.
2. **Identify:** The Helpdesk team identified applicable funding sources and advised the best course of action.
3. **Apply:** Depending on the status of the community (e.g., disadvantaged or overburdened), the Helpdesk provided the resources needed to apply for funding sources, or worked with the community to prepare materials for the application (including engineering work).

During the initial intake, the Helpdesk team determined whether or not a community qualified as disadvantaged or overburdened. This process allowed us to provide tailored assistance and varying degrees of capacity support, depending on each community's staffing, expertise, and infrastructure needs.

Likewise, when considering how capacity-strapped communities would find our program when they were already struggling to locate funding, our value of "meet communities where they're at" once again came into play. Instead of relying on SEO, advertising, or the creation of a newsletter to attract communities for TA, we instead began to carve out a presence in newsletters, magazines, and websites our communities told us they already used. We had noticed a common sentiment in our exploratory data that people were experiencing overwhelming fatigue from the proliferation of newsletters, listservs, and digital meetings coming out of the COVID-19 pandemic.

Rather than add to the litany of subscriptions municipal and utility staff were already overwhelmed with, we instead found tremendous success partnering with organizations like the American Water Works Association (AWWA), Michigan Rural Water Association (MRWA), and the Michigan Department of Environment, Great Lakes, and Energy (EGLE)—writing articles in their newsletters, email blasts, and regularly published magazines. This enabled us to reach our intended audiences by meeting them on platforms they already used and trusted—without placing the burden on them to click on ads or seek us out on their own.

At the same time, we were able to leverage the regular media published by the Michigan Municipal League (the League) that is distributed to 523 cities, villages, and urban townships statewide. Through these channels—primarily the League's bi-weekly membership newsletter and the Review magazine—we were able to maintain regular contact with potential MI Water Navigator users without flooding their inboxes with yet another newsletter to subscribe to. With each publication, we saw significant upticks in Helpdesk inquiries, and MI Water Navigator quickly became well-known across municipalities and utilities statewide.

When deciding how frequently in-person contact was needed, we once again considered the capacity constraints communities faced, the sheer geographic breadth of the communities we serve, and the variety of individuals (e.g., utilities managers, municipal staff, nonprofit staff) who engaged with our program. This led us to develop an active events calendar. We presented a robust offering of conferences, webinars, and workshops, in collaboration with EGLE, AWWA, MRWA, and others.

Through these regularly occurring events, the MI Water Navigator team was able to serve over one thousand individuals with light-touch advising and to connect them with our grants and funding database, TA Directory, and Helpdesk. As with our communications efforts, we were able to track a significant uptick in new inquires to our Helpdesk after each event we participated in. We were able to increase our reach to communities beyond Leaue membership and ensure that we were reaching an array of communities across Michigan—not limited to traditional "hot spot" regions of the state.

Ripple Effects: Creating a Lasting Impact

There are certain benefits to knowing a program is finite at the outset; greatest of all is the ability to prioritize the development of strong, reciprocal partnerships. While we knew that our program's $400,000 in predevelopment assistance was just a drop in the bucket that is water infrastructure repair, we also knew that ripple effects can be powerful.

The first step was to ensure that our drop would generate significant and long-lasting ripples—forging resilient partnerships and frameworks for collaboration. Rather than position ourselves as a competitor amongst dozens of TA providers, we strove to become a hub for TA in Michigan—and for TA design nationwide. To do this, we opened up our platform behind the scenes for peer-to-peer learning and partnership. This included the ongoing Community TA Providers Network we co-led with EGLE, but it took an unexpected form through openly sharing our program design and model.

Throughout the lifespan of the program, our team has been sharing our expertise with other organizations—including the Ohio Mayor's Alliance, the Environmental Policy Innovation Center, the Environmental Protection Network, the Arkansas Municipal League, the UNC Environmental Finance Center, the Michigan Infrastructure Office, and the US Water Alliance—as they created and supported technical assistance programs. We are immensely grateful for these partnerships and are excited to see how these organizations build upon the model we developed.

The second step was to find a "forever home" for the resources we developed so they didn't disappear when MI Water Navigator sunsets. Throughout the duration of the program, we sought out partners to help take over, and we are happy to report that the MI Water Navigator officially became a part of the new MI Funding Hub in January 2025.

Modeled on the MI Water Navigator program, the MI Funding Hub was launched in 2024 with funding from the Michigan Department of Labor and Economic Opportunity to assist local communities in accessing the billions of dollars in available state and federal funding. As with its predecessor, MI Funding Hub provides a robust online resources portal (including a searchable database of state and federal grants), regular webinars, a newsletter to provide funding updates and tools for grant navigation, and one-on-one coaching for communities for finding and developing competitive grant applications.

The third step was to make our experiences widely available to inform new projects and policy—and to inspire others. In this vein, we have taken many of the lessons learned from MI Water Navigator as we pursue a pilot project alongside Quantified Ventures to explore alternative financing and cost reduction strategies for lead service line replacement (LSLR). As has been apparent since the start of MI Water Navigator when we conducted interviews with city and village managers across the state, the 2018 Lead and Copper Rule changes in Michigan pose a major challenge.

With the changes in October 2024 to Federal Lead and Copper Rule standards, our communities now face what is effectively an unfunded mandate—and a deadline suddenly 10 years closer. This pilot aims to provide examples and strategies to communities across the state and nation as they navigate these uncertain funding times. To support this pilot, MI Water Navigator provided $20,000 LSLR seed funding grants to each of the participating communities to kickstart their developing capital stacks. We hope this serves as an example for others in philanthropy to support their communities' infrastructure needs.

The lessons from MI Water Navigator continue to inform policy in a variety of ways, and the following section will dive into the program's far-reaching ripple effects.

STATE & FEDERAL POLICY

Introduction

MI Water Navigator's impact on policy wouldn't be possible without our partnership with the Michigan Municipal League (the League). The League excels in the policy arena and the MML Foundation's partnership with them means that the data we collect through our projects inform the decisions they make when they advocate in Lansing and Washington, D.C.

Through the Coalition for a Strong and Prosperous Michigan, the League successfully ensured that nearly $2 billion was allocated at the state level to improve drinking water systems. This success meant that Michigan communities had access to additional American Rescue Plan (ARP) and Infrastructure Investment and Jobs Act (IIJA) dollars (beyond their direct allocations) for water infrastructure improvements, lead line replacement, and PFAS remediation.

When state legislation passed sweeping changes to the State Revolving Loan Fund (SRF) program, its priority criteria, and scoring matrix, MI Water Navigator collaborated with the Michigan department of Environment, Great Lakes, and Energy (EGLE) to reach all 128 significantly overburdened communities to educate them about their new priority status and how to apply for funding.

Likewise, after the first application cycle had been completed using the newly drafted SRF application and scoring matrix, MI Water Navigator was able to share experiences with fellow TA providers through our Michigan TA Provider's Network. Through this peer-to-peer sharing, we became aware of clerical errors on the SRF application that had affected the scoring of communities statewide. We were then able to assist two overburdened communities to renegotiate their SRF scoring and receive funding and were able to work with EGLE as one of their trusted partners to identify the clerical errors and make amendments to the application language. In the SRF cycle that followed, all clerical errors were amended, and communities were better able to submit accurate applications.

In addition to the work surrounding the SRF program, in 2023 the MML Foundation participated in a Water Affordability Roundtable convened by Congresswoman Dingell and a team at the University of Michigan. The Roundtable brought together people working in water issues from many different sectors—from government, nonprofits, and engineers to environmental justice and human rights groups. The Roundtable identified major areas that need policy change in order for water affordability to improve statewide. Some of these areas are increased revenue sharing to municipal systems, increased workforce development programming and opportunities, water bill assistance programs, and increased funding opportunities for infrastructure development.

In what follows below, we outline the impacts of the Coalition for a Strong and Prosperous Michigan and two critical policy reforms (SRF and Lead and Copper Rule) that took place during the implementation of the MI Water Navigator program. Taken together, these three areas of policy work demonstrate the power of collaboration to impact statewide change and outline the policy context Michigan communities are currently navigating as they work to improve and maintain their water infrastructure.

Coalition for a Strong and Prosperous Michigan: Lobbying for Water Infrastructure Support

In 2021, the Michigan Municipal League, in partnership with over 60 organizations collectively, advocated for the State's investment of its $6.6 billion allocation of American Rescue Plan funding. The League recognized that in order for this funding to be invested in an intentional and transformational manner, it was necessary to establish a unified coalition of diverse stakeholders committed to these strategic investments.

The Coalition for a Strong and Prosperous Michigan's Prosperity Roadmap proposal targeted investments across five key areas:

- **Infrastructure:** Resilient and Sustainable Water Systems and High-Speed Broadband Access
- **Fiscal Health:** Smart Investments that Provide Stability for State and Local Government
- **Thriving Communities:** Attainable Housing and Community Development
- **Strong Economy:** Economic Development, Business Assistance, Skilled Workforce, and Talent
- **Public Health and Safety:** Healthy and Safe People, Families, and Communities

In the area of Infrastructure, proposed investments for Resilient and Sustainable Water Systems totaled $2.5 billion. Within this category, the Coalition allocated $250 million to support the replacement of lead service lines as required by Michigan's 2018 Lead and Copper Rule. Through the appropriation by the Legislature in 2022, $1.265 billion of ARP funding was directed to the state revolving loan fund, which included earmarks for lead service line replacement, along with an additional $138.8 million from the Infrastructure Investment and Jobs Act for lead service line replacement.

ALMA AND ST. LOUIS—THROUGH NEGOTIATIONS MI WATER NAVIGATOR CONDUCTED WITH EGLE, ALMA AND ST. LOUIS WERE AWARDED NEARLY $20 MILLION IN ARP GRANT FUNDING RECEIVED THROUGH DWSRF APPLICATIONS. ALMA TESTIMONY: "WE WERE TOLD NO FOR EVERYTHING AND THEN WITHIN A TWO-MONTH PERIOD WE HAD FULL FUNDING OF WHAT WE REQUESTED IN OUR APPLICATION. WE WENT FROM VERY, VERY DISAPPOINTED: 'HOW ARE WE GOING TO AFFORD TO DO THESE THINGS?'—BECAUSE WE HAVE TO DO THEM—TO 'GOSH, WE CAN GET A REALLY GOOD START ON THIS.' [WE ARE] SO VERY APPRECIATIVE...WE'RE GRATEFUL FOR THE $9 MILLION IN GRANTS THIS TIME BECAUSE, WOW. IT GETS US AHEAD BECAUSE THE FUNDS THAT WE'VE ASKED FOR INCREASES NOW. WE WERE THINKING THAT WE'D HAVE TO PAY BACK A LOAN. WITH IT BEING A GRANT, WE CAN USE THOSE FUNDS FOR MORE IMPROVEMENTS."

AERIC RIPLEY,
ALMA CITY MANAGER

Michigan State Revolving Loan Fund (SRF) 2022 Reform: Making SRF Easier to Access for Michigan Communities

In August 2022, the Michigan State Legislature passed sweeping reform of the State Revolving Fund (SRF) program, eliminating the category of "disadvantaged" and instituting two new categories of "overburdened" and "significantly overburdened" in an effort to be more inclusive of community needs. These changes reflect a broader understanding of community needs by considering environmental, health, and socioeconomic stressors. The SRF scoring matrix was also updated to give higher priority to these communities, improving their access to funding. Updates were outlined in the 2022 Intended Use Plans and underwent public comment and virtual hearings to ensure transparency and stakeholder input, which the MI Water Navigator team participated in.

For many local governments, particularly those contending with outdated infrastructure and limited tax bases, these changes present an essential opportunity. By acknowledging the comprehensive context of community challenges—not solely median income—these updates enhance the probability of obtaining grant funding or principal forgiveness. Consequently, communities that may have previously been overlooked now possess a stronger foundation to implement much-needed enhancements to water systems.

This reform came at a critical time when communities were also facing an accelerated submission timeline for SRF applications, needing to get applications in two months sooner than usual. After holding a program evaluation session, we determined that acting on this critical moment by broadening the capacity of our program was a necessary step for supporting the communities who need it most across the state.

This broadening happened in several stages. First—in collaboration with EGLE—we contacted all 128 significantly overburdened communities statewide for SRF access. With the reform coming through just two months before applications were due, time was of the essence to reach these communities. With the collaboration of the League communication team, the MML Foundation, and OHM Advisors, we were able to reach all 128 communities via email and phone within two weeks of the reform being implemented. These communities were informed of their new status under the 2022 SFR policy reform and connected with the MI Water Navigator Helpdesk to submit SRF Intent to Apply (ITA) forms.

State and Federal Revisions to the Lead and Copper Rule: How It Impacts Communities

The Lead and Copper Rule (LCR) was established by the United States Environmental Protection Agency (EPA) in 1991 under the Safe Drinking Water Act. The intent was to protect public health by minimizing lead and copper levels in drinking water. These metals typically enter drinking water through corroded plumbing materials—especially in older homes with lead pipes or fixtures. The LCR requires that water utilities monitor drinking water at customer taps, taking corrective action should lead concentrations exceed 15 parts per billion (ppb), or copper exceed 1.3 parts per million (ppm), in more than 10 percent of samples.

This rule is crucial because lead exposure—even at low levels—can cause serious health problems, particularly children and pregnant women. These can include permanent developmental delays, neurological damage, and fertility issues. Copper can also cause gastrointestinal distress and—in high doses—liver or kidney damage. By mandating corrosion control, public education, and (in some cases) lead service line replacement, the LCR has significantly improved water quality and reduced health risks in the United States. Over time, the rule has been revised to strengthen protections. Most recent were the 2024 Lead and Copper Rule Improvements, which require full lead pipe replacement within 10 years.

In 2018, Michigan enacted sweeping changes to its state level Lead and Copper Rule, making the state the most stringent in the country. Driven by the Flint water crisis, these revisions include lowering the lead action level from 15 ppb to 12 ppb, effective January 2025; banning partial lead service line replacements; and requiring water utilities to replace an average of five percent of lead service lines annually for 20 years.

The rule also introduced more rigorous sampling protocols, including testing both the first and fifth liters of water to better detect lead. These changes have made considerable impact on Michigan communities. **Utilities are now responsible for the full cost of replacing lead service lines from the water main to the home. This has increased financial and logistical burdens—but also accelerated removal of hazardous infrastructure.** Residents benefit from mandatory notifications, improved transparency, and stronger protections against lead exposure. While implementation has posed challenges—especially for smaller systems—the rule represents important progress toward safe drinking water and long-term public health improvements throughout the state.

UTILITIES ARE NOW RESPONSIBLE FOR THE FULL COST OF REPLACING LEAD SERVICE LINES FROM THE WATER MAIN TO THE HOME. THIS HAS INCREASED FINANCIAL AND LOGISTICAL BURDENS—BUT ALSO ACCELERATED REMOVAL OF HAZARDOUS INFRASTRUCTURE.

Taking the Michigan 2018 LCR updates as an example, in October 2024, the EPA finalized the national Lead and Copper Rule Improvements (LCRI), marking a crucial step forward in protecting people from lead in their drinking water. The updated rule mandates that all lead service lines nationwide be identified and replaced within 10 years—with large systems facing even shorter timelines. It also lowers the lead action level from 15 µg/L to 10 µg/L, reflecting growing consensus that no level of lead is safe, especially for children. The rule further strengthens water testing protocols by requiring first- and fifth-liter samples at taps served by lead service lines to better detect contamination.

The 2024 updates emphasize transparency and community engagement, requiring utilities to inform residents about the presence of lead pipes and plans for replacement. These changes are expected to yield profound public health and economic benefits, with estimates suggesting that these benefits may be up to 13 times greater than the costs. Overall, the LCRI represents a bold national commitment to eliminating lead from drinking water and safeguarding vulnerable populations.

2018 MICHIGAN LEAD AND COPPER RULE REVISIONS[4]

- Lead action levels moving from 15 parts per billion (ppb) to 12 ppb taking effect Jan. 1, 2025
- Preliminary Distribution System Materials Inventories (DSMI) submitted by Jan. 1, 2020
- Complete DSMI submitted by Oct. 16, 2024
- Updated DSMI every five years after 2024
- Partial LSLR is no longer allowed (except in the case of emergency repair and must still be fully replaced)
- A 20-year timeline to replace all LSLs with replacement, occurring at an average rate of five percent per year; target date for total LSLR is 2038
- Full LSL must be replaced at the water supply's expense, regardless of ownership. Communities can no longer offer incentives/rebates for individuals to pay for LSL replacement.
- Increased public transparency requirements, including, but not limited to, consumer notices of copper levels in addition to lead; supplies serving 50,000 or more must establish a community advisory council to assist with public awareness campaigns; and additional public education requirements following a lead action level exceedance

4 Source: Michigan Department of Environment, Great Lakes, and Energy 2018 Lead and Copper Rule Revision Summary.

2024 FEDERAL LEAD AND COPPER RULE REVISIONS[5]

- Lead action levels move from 15 µg/L to 10 µg/L
- Institutes a 10-year timeline for LSLR with a target date of 2035
- Requires all water suppliers to notify households with known LSLs annually
- Under the 2021 LCRR, all water suppliers were required to provide publicly available initial inventories by Oct. 16, 2024.
- Under the 2024 LCRI, all water suppliers are required to submit a baseline inventory by Nov. 1, 2027.
- All water suppliers must update their inventories annually.
- Water suppliers must create a LSLR plan and make it publicly available. Plans are due by Nov. 1, 2027.
- Water suppliers must aim for an average annual LSLR rate of 10 percent.
- Partial LSLR is prohibited except in the case of emergency repairs.
- Strengthen tap sampling using "best practices already being used by leading states like Michigan"
- Water suppliers with multiple lead action level exceedances (at least three in a five-year period) must conduct additional public outreach and make free water filters available.
- Water suppliers must offer to sample the tap for lead for any consumer with a lead, GRR, or unknown service line who requests it.

Due to the 2018 updates to state LCR mandates, Michigan communities have had a head start on LSLR and are set to be on track or ahead of national timeline requirements even with their 20-year timeline for implementation being truncated to the federally mandated 10-year timeline. The biggest challenges—for communities in Michigan or elsewhere—will be the demand on already strained funding sources (like State Revolving Loan Funds) and a highly limited pool of resources in the form of skilled workforce and copper pipe.

5 Source: Environmental Protection Agency Final Lead and Copper Rule Improvements, November 14, 2024 (pdf).

PROGRAM IMPACT

Beyond merely being a technical assistance initiative, MI Water Navigator was a catalyst for systems change. By embedding equity, accessibility, and responsiveness into every layer of its design, the program not only helped communities access funding but also reshaped how support is delivered across Michigan. This section outlines the tangible outcomes of the Navigator's work, from the number of communities reached and funding applications supported to the deeper, more enduring shifts in local capacity and intergovernmental collaboration. These impacts reflect the program's commitment to meeting communities where they are—and helping them move forward with confidence.

Data Collection Methods

Project Learning and Impact Mapping (PLIM) is a developmental evaluation framework developed by the MML Foundation to learn in real time, adapt to complex environments, and improve program design through iterative feedback. At its core, PLIM is about understanding what works, why it works, and how to replicate or scale successful strategies—without making evaluation feel punitive or burdensome to local leaders and community partners.

Specifically, PLIM blends developmental evaluation (DE) and ethnographic interviewing—two approaches that prioritize listening, conversations, and understanding. These methods are particularly well-suited to the challenges faced by municipalities, where public scrutiny and limited capacity can make traditional evaluation methods challenging. Throughout the life cycle of a program, the MML Foundation uses PLIM to:

- Frame concepts and test quick iterations
- Track developments and surface challenges
- Understand community needs and identify areas for improvement
- Support communities to take ownership of their stories and outcomes

The MML Foundation's PLIM toolkit is intentionally agile and sensitive, allowing cross-departmental teams to gather feedback in real time. This approach has led to significantly higher evaluation response rates and more dynamic technical assistance programs. Furthermore, PLIM is effective because it shifts the focus from static metrics to **adaptive learning.** It recognizes that communities are constantly evolving and that programs must evolve with them. By embedding evaluation into the lifecycle of a project, PLIM helps ensure that:

- Program content remains relevant and accessible
- Community feedback is captured and acted upon
- Institutional knowledge is preserved despite staff turnover
- Peer-to-peer learning is facilitated across municipalities

This approach also helps reduce stigma around evaluation by reframing it as a collaborative learning process rather than a judgmental audit. The PLIM process gathers a rich mix of qualitative and quantitative data, including:

- **Exit surveys and interviews**
- **Community follow-up interviews**
- **Internal debriefs and program evaluation**
- **Storytelling metrics**

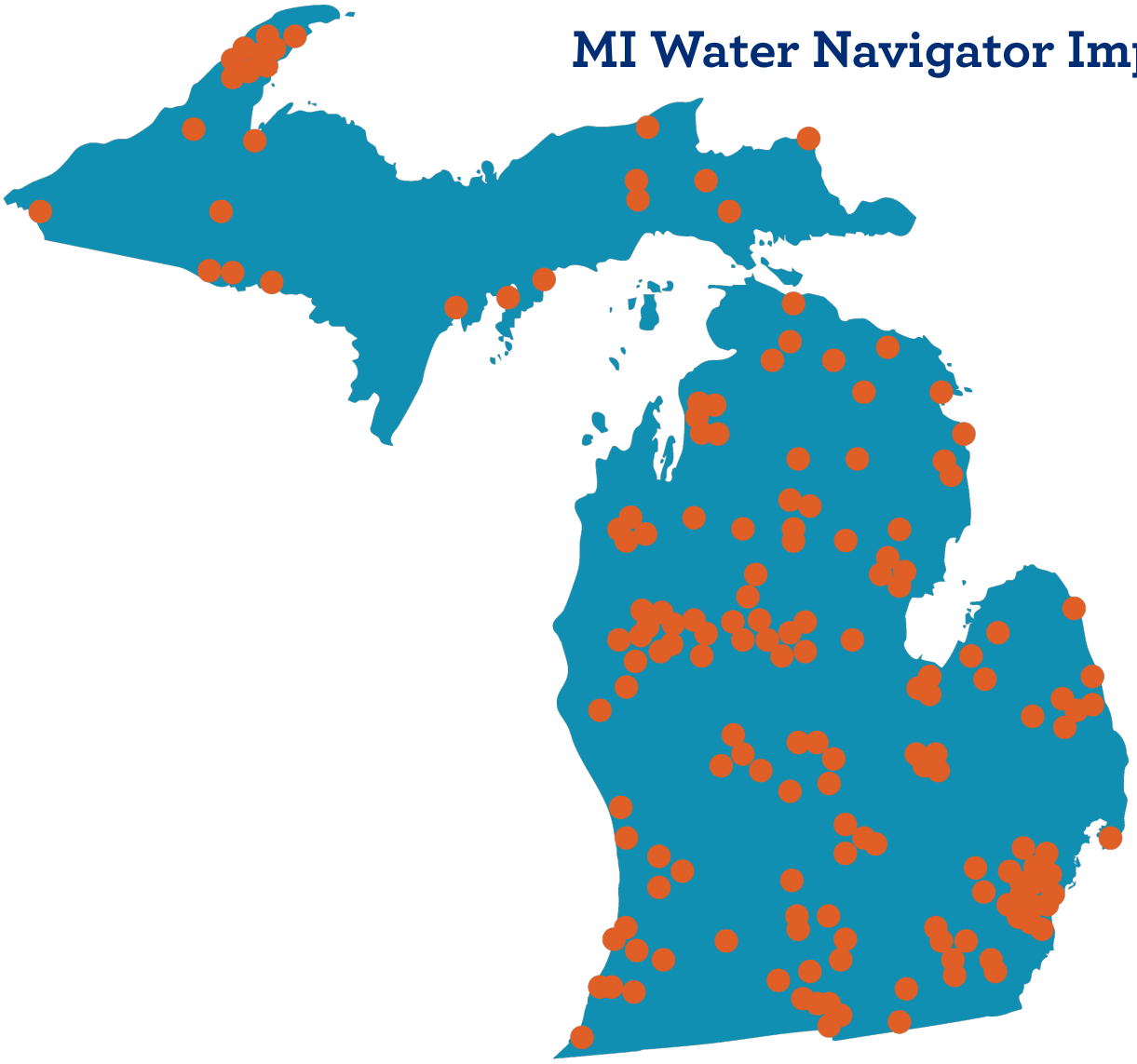
This data is used not only to refine program offerings but also to connect communities with additional resources, funding agencies, and peer networks that can support ongoing implementation.

MI Water Navigator Impact

"GETTING THE PLANNING DOCUMENTS PUT TOGETHER THAT THE MI WATER NAVIGATOR PROGRAM DID IS REALLY A HUGE THING, EVEN IF A COMMUNITY DIDN'T END UP GETTING ANY SRF MONEY. THE FACT THAT [COMMUNITIES] HAVE THESE DOCUMENTS THAT THEY DIDN'T HAVE BEFORE—WHICH THEY SHOULD HAVE, BUT IT'S REALLY HARD FOR THEM TO PRIORITIZE THAT WITH EVERYTHING ELSE THEY HAVE GOING ON. IT MAKES A HUGE IMPACT ON THESE DISADVANTAGED COMMUNITIES WHO ARE ALSO STRUGGLING WITH MAINTAINING THEIR INFRASTRUCTURE AND WITH WATER AFFORDABILITY ISSUES. BEING ABLE TO GET THEM THESE PLANNING DOCUMENTS, GETTING THEM ADDITIONAL GRANT MONEY, OR GETTING THEM LINED UP FOR THESE LOW INTEREST LOANS THAT THEY WOULDN'T HAVE BEEN ABLE TO DO BEFORE THIS PROGRAM—IT'S ANOTHER THING THAT KIND OF CHIPS AWAY AT THE BURDEN ON THE RATEPAYERS AND THE BURDEN ON THE WATER RATES. IN MY MIND, IT HAS A LITTLE WATER AFFORDABILITY TACK TO IT AS WELL BECAUSE EVERYBODY'S STRUGGLING WITH AGING INFRASTRUCTURE AND FUNDING IT."

KRIS DONALDSON,
CLEAN WATER PUBLIC ADVOCATE, EGLE

MI Water Navigator Impact



174+ Total Communities Served

150+ Helpdesk Inquiries Answered

75% of Communities Served Qualified as Overburdened or Disadvantaged

$40,000 Awarded for Lead Service Line Replacement

2/3 of Communities Served Had Populations of 10,000 or Less

70+ Applications Prepared

1,000+ Workshop and Webinar Attendees

$400,000 in Predevelopment Technical Assistance Provided

Low Interest Loans – $26,972,000

$67,632,000 Unlocked in State and Federal Funding

Grants and Principal Forgiveness – $40,660,000

Community TA Providers Network & Referrals

In 2023, we partnered with EGLE to coordinate a statewide network of technical assistance (TA) providers working in the water infrastructure sphere. The goal of this coalition is to foster coordination between TA providers in order to create a more seamless support experience for Michigan communities, especially those who are low capacity and are disadvantaged or overburdened. The coalition, dubbed the Community TA Providers Network, has been steadily growing since its inception and has become a strong space of collaboration between nonprofits and state and federal agencies.

A byproduct of the Community TA Providers Network was the creation of a technical assistance directory on the MI Water Navigator website, which went live in summer of 2023 and now lives on the MI Funding Hub platform. Additionally, this peer-to-peer network created a platform for referrals and collaborations between the MI Water Navigator team and other participating organizations. For example, in 2023 the MI Water Navigator team made 10 referrals to the Environmental Policy Innovation Center (EPIC) for continued project plan assistance for SRF applications to ensure that the communities we helped with DWSRF and CWSRF applications had continued assistance throughout the MI Water Navigator's transition into the new MI Funding Hub. Likewise, the MI Water Navigator team facilitated introductions to 25 communities on behalf of EPIC for Clean Water SRF assistance as part of a targeted outreach campaign.

In 2024, the MI Water Navigator team coordinated with the Michigan Rural Water Association (MRWA) and EGLE to assist six communities with Source Water Protection Grant applications. MRWA provides assistance for source water protection plans, but their program received a far greater number of eligible applicants than they had capacity to serve. Therefore, this collaboration helped small and rural communities who were unable to utilize the MRWA program, ensuring they still received assistance.

Moving into 2025, we are excited to join forces and consolidate with the newly emerging MI Healthy Climate TA network. Like our transition from MI Water Navigator to MI Funding Hub, this consolidation of TA networks marks an exciting transition from a focus purely on water infrastructure to all of infrastructure, expanding the network and referral system to function across infrastructure projects and TA providers.

Evolution to MI Funding Hub: Expanding Capacity Support for Infrastructure Funding

The League, with funding from the Michigan Department of Labor and Economic Opportunity (LEO), has designed **MIFundingHub.org** to assist communities in accessing billions in available state and federal funding. For many communities across Michigan, especially small- and medium-sized ones, the complex process of finding and managing grant funding for needed municipal projects may exceed their in-house capacity.

MI Funding Hub was built on the MI Water Navigator model and offers a one-stop shop (mifundinghub.org) portal, designed for ease of use and regularly updated with new state and federal grant announcements. This is the first time such a searchable and easy-to-use database of all State of Michigan grants has been available on a single platform—making the task of locating municipal funding much less arduous.

Working with our web development partners at the Crimson Agency, we were able to amplify the framework initially created for MI Water Navigator. The funding database has been expanded to host a comprehensive library of current state and federal funding opportunities across infrastructure types. Insights from learning and evaluation work conducted through MI Water Navigator have provided further direction as to how our teams could improve both the UI and UX, leading to a more accessible and user-friendly platform.

Like MI Water Navigator, MI Funding Hub boasts a large team comprised of League and MML Foundation staff, as well as expert consultants to provide coaching and technical assistance to local governments statewide. This iteration of MI Funding Hub is significantly larger in scale than MI Water Navigator. As a result, the technical assistance takes a slightly lighter-touch approach. It focuses on the "dig once" strategy—helping communities identify opportunities to combine infrastructure projects and stack funding. It also supports local governments in finding ways to collaborate with regional partners on both projects and funding applications.

SAULT STE. MARIE—SAULT STE MARIE BENEFITED FROM A SYNERGISTIC USE OF BOTH MI WATER NAVIGATOR AND MI FUNDING HUB. THE CITY SUBMITTED GRANT APPLICATIONS FOR THE DRINKING WATER STATE REVOLVING FUND (DWSRF), EPA COMMUNITY CHANGE GRANT, AND EGLE SOURCE WATER PROTECTION GRANT. PREPARATION MATERIALS FROM THEIR DWSRF APPLICATION PREPARED BY MI WATER NAVIGATOR WERE ABLE TO BE REUSED IN RAPID SUCCESSION BY THE MI WATER NAVIGATOR AND MI FUNDING HUB TEAMS TO SUBMIT THE EPA COMMUNITY CHANGE GRANT AND THE EGLE SOURCE WATER PROTECTION GRANTS WITH MINIMAL ADDITIONAL PREPARATION NECESSARY. BECAUSE MANY OF THE MATERIALS ARE VALID FOR SEVERAL YEARS (E.G., SURVEYS, CAPITAL IMPROVEMENT PLANS), THE CITY OF SAULT STE. MARIE IS IN A STRONG POSITION, ABLE TO REUSE THESE MATERIALS FOR FUTURE FUNDING OPPORTUNITIES.

Lead Service Line Replacement (LSLR) Capital Stacks Pilot: A Litmus Test for the Nation

The LSLR Capital Stacks Pilot, led by the Michigan Municipal League (MML) Foundation in partnership with Quantified Ventures, builds directly on the learnings developed through the MI Water Navigator program. While MI Water Navigator focused on helping overburdened communities access water infrastructure funding through application assistance and funding matchmaking, the LSLR pilot takes the next step: helping communities **build alternative capital stacks** to fund lead service line replacement and meet Michigan's underfunded Lead and Copper Rule mandates.

As outlined in detail in this paper, Michigan communities are facing a daunting challenge: replacing lead service lines to comply with increasingly stringent drinking water regulations without sufficient funding. Since Michigan enacted stricter LCR mandates years before the federal LCRI, we see the state as a litmus test as to how communities meet LCR standards and raise the needed capital.

For the MML Foundation and Quantified Ventures, this pilot is a blueprint for how communities can creatively and collaboratively finance critical infrastructure. Even with technical assistance, many communities still struggle to close funding gaps. The LSLR Capital Stacks Pilot emerged as a response to that gap—designed to help communities build alternative capital stacks that combine public, philanthropic, and private resources.

Key takeaways from MI Water Navigator that shaped the pilot include:

- The need for stacked funding strategies that go beyond traditional grants
- The importance of regional collaboration to build capacity
- The power of community-driven design and cross-sector partnerships to reduce costs and improve outcomes

The pilot is developing a Capital Stacks Playbook and an on-demand learning module to share its findings statewide and nationally. The Playbook explores strategies to increase efficiencies in LSLR, reduce cost without reducing quality, and raise alternative capital. Some examples of strategies being tested in the pilot include:

- Creating local revolving funds using DCIF models
- Engaging local philanthropy
- Exploring renter authorization ordinances
- Partnering with healthcare stakeholders
- Pursuing regional purchasing agreements
- Hiring in-house LSLR staff

The LSLR Capital Stacks pilot reimagines how communities fund essential infrastructure. By building

on MI Water Navigator's foundation and responding to the regulatory urgency of both state and federal mandates, the pilot is showing that with the right tools, partnerships, and creativity, even the most under-resourced communities can lead the way.

Program Challenges & Learning

Evaluation is a cornerstone of effective program design and delivery. It not only helps us understand what works and why but also ensures we remain accountable to the communities we serve and continually improve our strategies. For organizations like the MML Foundation, evaluation provides critical feedback loops that inform future programming, strengthen institutional knowledge, and support more equitable and efficient service delivery. The following are some key highlights of programmatic lessons learned during the implementation of the program.

MI Water Navigator offers a compelling case study in how evaluation can surface both systemic challenges and opportunities for innovation. One of the most significant hurdles encountered was the high rate of staff turnover at the local level—particularly among city and village managers and utility staff. This turnover disrupted the team's ability to collect meaningful end-of-program evaluation data, with nearly half of the survey emails bouncing back due to outdated contact information. Attempts to reach new staff in those roles yielded limited results, underscoring a broader issue: the fragility of institutional memory in local government.

Lesson learned: Evaluation efforts must be more agile and responsive to local realities. The team recommends deploying surveys on a rolling basis (three to six months after technical assistance is provided) rather than annually. The team found great success through targeted interviews with communities where continuity remains. Additionally, the team recommends simple but effective continuity measures at the local level—such as role-based email addresses (e.g., villagemanager@city.gov)—to preserve institutional knowledge and maintain communication channels despite staff changes.

Another key insight emerged around **engagement and documentation.** Many communities struggled to meet documentation requirements or respond within tight deadlines due to limited staffing and technical expertise. This highlighted the need for more robust capacity-building efforts to help local governments navigate complex funding processes.

Lesson learned: Investing in training and resources for local staff will not only improve application outcomes but also reduce delays and increase long-term capacity.

The evaluation also revealed critical **gaps in Source Water Protection planning**. Many overburdened communities lacked formal, state-approved plans, which placed them at a disadvantage in the Michigan Drinking Water State Revolving Fund (DWSRF) application process.

Lesson learned: Local governments need stronger support in developing and implementing Source Water Protection Plans. These plans are not only vital for safeguarding drinking water but also are essential for unlocking future funding opportunities.

EATON RAPIDS AND LANSING BOARD OF WATER AND LIGHT (BWL

WITH SUPPORT FROM THE MI WATER NAVIGATOR, BOTH COMMUNITIES SECURED SOURCE WATER PROTECTION GRANTS AND COLLABORATED ON A REGIONAL PURCHASING AGREEMENT AND PROTECTION PLAN. THIS COORDINATION HAS POSITIONED THEM MORE COMPETITIVELY FOR FUTURE DWSRF AND CWSRF FUNDING CYCLES.

Finally, we found that **coordination across multiple funding programs** remains a complex and often burdensome task for local governments.

Lesson learned: A centralized platform for tracking and aligning funding opportunities would significantly reduce administrative overhead and improve outcomes for both applicants and funders. In Michigan, the newly developed MI Funding Hub is filling this gap, and our team recommends similar centralized databases in other states across the country.

CASE STUDY: ALMA, MI

Thanks to the MI Water Navigator program (now part of MI Funding Hub), communities like Alma have been able to access funding from EGLE's State Revolving Fund (SRF). This came at a historic time when EGLE was to receive American Rescue Plan Act (ARPA) dollars. Given as grants, the ARPA funds were paired with EGLE's low interest loans. Along with the assistance of the MI Water Navigator helpdesk, Alma was able to apply for, and eventually received, $9.7 million in ARPA grant funds.

"This is by far a historical amount of grant funding. We've had some but not really on the order of magnitude that we have given out recently," said Kris Donaldson, Clean Water Public Advocate at EGLE. "I'd say this feels like it's a once-in-a-career [event] for me. I haven't seen anything like it in the last 20 years of drinking water, and I don't know if I'm going to continue to see it."

Alma is the largest city in Gratiot County, with a population of just over 9,400. It's home to Alma College, a small liberal arts school, as well as Michigan Health's regional hospital, which recently saw over $40 million in upgrades. Alma has a vibrant arts scene, including a community theater and visual arts center. Its industry includes automotive suppliers and Avalon, one of the nation's top pontoon boat manufacturers. Despite its rural setting, Alma boasts big-box stores, renewable energy projects—including over 700 windmills and a 450-acre solar field—and an historic downtown.

The city is also rare in that it relies on local taxes to build and maintain local streets, with a voted-on Local Street Program millage of 3.5 mills (increased in 2022 from 2.5 mills) that goes through every six years for the reconstruction of neighborhood streets. "I want to say it was 1997 or 1998, when we were rebuilding the road surface, we started thinking, 'Let's put in a new water line,'" said Aeric Ripley, Alma City Manager. "We started doing that, and then we found ourselves saying, 'Why aren't we doing the sewer?' And so, a few summers in, we started replacing sewer mains. When we develop that six-year list, the determination with streets to rehab is what the infrastructure is like underneath. But we really didn't have the funds on hand to replace all the water mains."

To qualify for EGLE's low interest loans, Alma first had to raise its utility rates, as they were too low to be eligible. The city is now in year three of a five-year plan to adjust rates across all utilities. Most of the major water rate increases have now occurred, and 2025 will be the final year of significant adjustments for sewer and clean water services.

The state covered the cost of hiring an engineer (typically 50 to 60 thousand dollars) from the ARPA funds, easing the financial burden for all communities that submitted applications, which no longer needed to come up with those funds. "[The] engineers that work with these communities were really excited to hear about this opportunity," said Donaldson. "They know what's going on with these communities and how hard they're trying to wear all those hats and do all the things [EGLE] tells them to do. To be able to go out and meet with those communities and have a resource to give them is golden."

Initially, Alma's application was not approved. "We didn't score high enough," said Ripley. "We're disadvantaged. The term used now is significantly disadvantaged and we were just disadvantaged, not significantly disadvantaged. I had to break the news to the Road Commission that we didn't receive the funding. But less than a month later... those funds came back, and they reached out to us. I was able to go back to the Road Commission saying, 'They need us to say yes, but I'm assuming you all want to say yes—let's move forward.'"

Alma's was one of many cases during this first round of SRF applications post-2022 SRF reform where initial scoring did not reflect actual assets. As with many first drafts, some items on the new application needed rewording and clarification. Due to the way certain questions were phrased, many communities received lower scores than they should have. The MI Water Navigator team flagged this issue and—through a collaborative relationship with EGLE—was able to renegotiate scoring based on community assets for overburdened communities. As a result, Alma was extended an offer for $9.7 million in grants.

"We had so many disadvantaged or overburdened communities get funding. That tells me the program was a huge help," said Donaldson. "It really got a lot of these communities in the door when they would have been kind of pushed out by the other communities that have more resources to get that work done."

Alma has been able to use these funds to implement improvements to water infrastructure at a scale that would not otherwise have been possible. Engineering bids and approval from the municipality and EGLE occurred in the summer of 2024. The work includes repair and replacement of a variety of water infrastructure, including substantial main line replacement and a total refurbishment of Alma's water tower, which was nearing the end of its lifespan. "We certainly wouldn't be able to move forward as quickly as we are right now without those funds," said Ripley.

Construction began in earnest last fall, starting with Moyer Street. Crews installed new water and sewer lines and prepped the road for resurfacing before winter. In March, work began on Pine Avenue, a high-traffic area due to nearby schools. ("People have adapted—not happily, but they've adapted," remarked Ripley.) Charles Avenue construction is scheduled to begin mid-April. Later this summer, work on Richmond Street and other neighborhood roads will begin. Alma is also preparing to replace approximately 350 galvanized service lines, as EGLE requires removal if they may have ever been connected to lead.

Assuming all goes as planned, the city aims to complete all SRF-funded and related infrastructure work by the end of the 2026 construction season. "This is by far the largest infrastructure replacement that we've done since 2005, I believe," said Ripley. "I've been here 25 years, and previous to that, I can't think of any projects that are at this level that we've done."

"It makes a huge impact on these disadvantaged communities who are also struggling with maintaining their infrastructure and with water affordability issues," said Donaldson. "Being able to get them planning documents, getting them additional grant money, or getting them lined up for these low interest loans that they wouldn't have been able to do before this program—it's another thing that kind of chips away at the burden."

LOOKING FORWARD: RECOMMENDATIONS

MI Water Navigator has now concluded. From its implementation, we have built a sturdy foundation to underpin future efforts in water infrastructure support. The program's core strategies—building a one-stop shop for technical assistance, meeting communities where they are, and driving systems change—have proven vital to addressing the ongoing challenges faced by Michigan's local governments, especially those in disadvantaged and overburdened communities.

Evaluation efforts revealed critical gaps in funding accessibility, institutional continuity, staff capacity, and documentation readiness. Moreover, the absence of formal Source Water Protection Plans in many communities limited their competitiveness in state funding programs, reinforcing the need for proactive planning and regional collaboration.

What follows are recommendations based on the data collected during the duration of the MI Water Navigator program that could dramatically improve municipalities' abilities to meet and even exceed drinking water quality standards:

- With ARPA and BIL funding having ended and federal funding in flux, Michigan communities will require capacity support to navigate and access funding for water infrastructure **more than ever before**. It will be essential to explore alternative and non-traditional financing (diversifying revenue streams and cutting costs of implementation) for communities to maintain, update, and build new construction, and complete LSLR. By necessity, these capital stacks will **bring together funding from the public sector, private sector, philanthropy, etc.**
- Greater amounts of funding for LSLR with more flexible eligibility requirements should be prioritized at the state and federal levels. Michigan communities are currently experiencing Lead and Copper Rule requirements as an underfunded and/or "unfunded" mandate—with **costs astronomically exceeding the available funding** for LSLR.
- **Rectify revenue sharing at the state level:** Restore Headlee roll-ups and remove the pop-up from the calculation of the millage reduction fraction.
- Michigan communities need more capacity support to acquire funding and implement infrastructure projects. Funding should be prioritized for a variety of technical assistance, from financing to project planning and implementation. While several TA programs exist, **they are limited in their capacity to support the overwhelming need.** Further investing in existing and emerging TA programs will positively impact the capacity of Michigan communities—especially in regards to LSLR.
- State Revolving Funds (DWSRF and CWSRF) are the greatest resources for communities to fund water infrastructure. With Lead and Copper Rule mandates requiring communities nationwide to achieve 100 percent LSLR by December 30, 2034, these revolving funds, already limited, are **strained beyond any feasible ability to support existing need,** leaving communities in an ever-growing gap. Support and funding increases for State Revolving Funds must be increased to more adequately provide funding for mandated water infrastructure improvements.
- Communities "stuck in the middle"—which are not in violation of Lead and Copper Rules but which cannot afford LSLR—do not have adequate options for sourcing funding. These communities, which may meet the definition of "overburdened," struggle to score high enough on existing funding applications (like the SRF and USDA Rural Development applications) and find themselves stuck with the burden to implement LSLR without funding. **More funding opportunities should be designed to target this "middle" range of communities.** Existing application scoring criteria should be amended to increase prioritization of overburdened communities not currently in violation.

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ABOUT THE MICHIGAN MUNICIPAL LEAGUE FOUNDATION

The Michigan Municipal League Foundation supports innovative work through partnerships, grants, and programming that creatively and intentionally bring people together and build community wealth. We also provide fiscal sponsorship and project support in Michigan Municipal League member communities.

We are a nonprofit, but we act with the fervor of entrepreneurs; our people are dynamic, energetic, and highly approachable. We passionately support change for better, thriving communities.

What We Do:

- Provide grant opportunities to support and build community
- Support local public spaces projects that improve quality of life
- Build partnerships and connect communities with funding opportunities and strategic connections
- Support the education of local government officials and the development of a more diverse pipeline of leadership

Mission:

To create and cultivate resources, partnerships, and opportunities that Michigan communities need to thrive.

Vision:

Local leaders with the drive to make their community better will have access to the tools and resources needed to act on that opportunity.

How to Support:

Help support work like the MI Water Navigator that bolsters Michigan communities and helps them thrive. Learn more about how you can contribute to thriving communities here: https://mmlfoundation.org/donate/

Thank you!

The Joyce Foundation

CHARLES STEWART MOTT FOUNDATION

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