

10. Plan Institutionalization



Introduction

Institutionalization involves defining a mechanism to implement the WMP once it is complete, including essential adaptive management measures such as provisions for updating and improving the plan. Defining the actual mechanism will involve researching the myriad alternatives that are available and evaluating how successful the implementation is under the current mechanism. This research and evaluation will occur over the first four years after submittal of this WMP (see Action 1-1 in Chapter 8).

Additionally, regardless of the mechanism that is chosen, the inner workings of a cooperative approach must be defined.

The purpose of this chapter is to first define these inner workings, provide options for the institutionalization mechanism, and then explore how these options and some additional programs can fund implementation of the WMP.

The information in this chapter is not exhaustive. The focus is on the enabling statutory provisions most likely to be used. While SWAG members are likely to focus on programs related to the new regulations for addressing pollution from stormwater, the information in this report includes other water quality initiatives.

In large part, the latter sections of this chapter are an updating and reorganization of the Southeast Michigan Council of Governments' (SEMCOGs) *Options for Local Government Funding of Water Quality Activities* (2003).

Options for Local Government Funding of Water Quality Activities

April 2003

SEMCOG ... Local Governments Advancing Southeast Michigan
Southeast Michigan Council of Governments

Structure

The development of this WMP has occurred under the direction of a voluntary group structure known as a subwatershed advisory group (SWAG) – see Chapter 1.

It is expected that this structure will guide the implementation of the WMP over the four years following submittal of this WMP. During this time, the SWAG will evaluate how the current structure is able to implement the plan. Specifically, how voluntary membership with ad hoc committees can implement and track the various actions and results and the ability for the SWAG to get the members to act as a watershed as opposed to isolated and independent actors.

SWAG Structure

Some of the actions in the WMP may be implemented by the SWAG at large. Others may be solely actions of the individual entities with little or no SWAG involvement. However, some of the actions may require focused attention of members within the SWAG to provide a coordinated watershed approach. This has been, and will continue to be, (at least for the first four years), dealt with through the formation of ad hoc committees that meet for specific purposes for a set period of time.

The members of each committee, including the chairperson, will be determined at the SWAG meeting in which the committee is formed. Each subsequent SWAG meeting will include updates from the existing committees, including membership and chairperson issues.

SWAG Meeting



Photo courtesy of MCPWO.

Some recommendations for the committees that may be utilized to implement the actions of the WMP are addressed in the following topics.

Implementation and Evaluation Committee

This committee may oversee: the implementation of some of the planning actions (Action Group 1 – see Chapter 8), the integration of much of the data collected as part of the WMP evaluation process, the analysis of the data (measures of completion, usage/attainment, and change), and making recommendation for modifications to the WMP and other documents derived from the WMP, as appropriate (see Chapter 9).

Ordinance/Standards Committee

This committee may provide guidance for: development of language for ordinances, standards, and pollution prevention programs (Action Group 3 – see Chapter 8); review of existing ordinances, standards, and programs of the individual SWAG members; and recommendations for each SWAG member to make to appropriately implement an action.

Technical Guidance Committee

This committee may be responsible for: providing technical guidance for the planning and implementation of pollution prevention activities (Action Group 4 – see Chapter 8) and stormwater BMPs (Action Groups 5 and 6 – see Chapter 8), and providing technical guidance to SWAG members or other committees to help them fully implement other actions.

Public Education Committee

This committee may be responsible for planning and implementing portions of the public education and participation actions (Action Group 2 – see Chapter 8).

Budget and Funding Committee

This committee may be charged with developing the funding plan for SWAG operations (Action 1-3 – see Chapter 8) and handling requests from SWAG members as to the appropriate funding considerations to explore.

Conservation/Recreation Committee

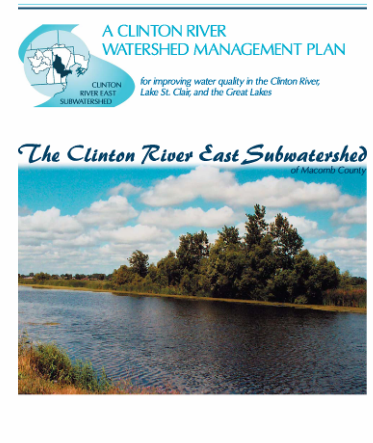
This committee may be in charge of developing programs and implementing actions related to conservation and recreation (Action Groups 7 and 8, respectively – see Chapter 8).

Cooperative Involvement

Because this WMP has been developed in conjunction with two other WMPs (Red Run Subwatershed and Clinton River East Subwatershed), many of the actions between the plans are similar. As such, and because some of the SWAG members are involved in multiple plans, the SWAG will explore operating ad hoc committees singly for all three of the subwatersheds. At least one member from each subwatershed should participate in each committee to ensure that the goals and objectives of each distinct subwatershed are being adequately addressed.

Additionally, other subwatershed groups in Southeast Michigan should be contacted for input and/or involved in SWAG and committee activities. This will be encouraged to ensure that actions, especially those required of SWAG members represented in a subwatershed (or subwatersheds) outside of the primary three, will be coordinated and effective as possible without being overly burdensome.

Plans Developed in Conjunction with this WMP



Other Groups to Consider for SWAG Participation

Anchor Bay Subwatershed
Clinton Main Subwatershed
Clinton River East Subwatershed
North Branch Subwatershed
Red Run Subwatershed
Stony Creek / Paint Creek Subwatershed
Upper Clinton Subwatershed
Belle River, Flint River,
Shiawassee River, Huron River, Rouge River, and Detroit River Watersheds and Subwatersheds

Examples of Legal Entities Utilized Throughout Michigan for Watershed Protection and Contact Information

Inter-Municipal Committee Act:

Greater Lansing Regional
Committee - Red Cedar,
Looking Glass, and Grand
Rivers

Contact: Erin Campbell at the
Tri-County Regional
Planning Commission
Phone: (517) 393-0342

Municipal Sewerage and Water Systems

Saginaw Area Storm Water
Authority

Contact: www.saswa.org

County Public Improvement Act:

Lower Flint River

Contact: Genesee County Drain
Commissioner's Office
Phone: (810) 732-1590

Watershed Alliance:

The Alliance of Rouge
Communities

Chair: <currently vacant>
Vice-Chair: Wayne Domine
Phone: (734) 433-7731

Voluntary Cooperation:

Battle Creek Area Clean Water
Partners

Contact: www.bcwater.org

Legal Relationships

Considering various methods for institutionalization is a critical component of this WMP and to sustain the SWAG's effort to-date. It is especially important for those SWAG members submitting this plan for Phase II Watershed-based Permit compliance.

Michigan has a number of different methods available for the SWAG to form into a legal entity. At least seven approaches are available under Michigan statutes to lead and assign funding responsibilities for WMP implementation. These options include the following:

- 1) Drain Code - Public Act 40 (1956);
- 2) County Department and Board of Public Works - Public Act 185 (1957);
- 3) Inter-Municipal Committee Act - Public Act 200 (1957);
- 4) Municipal Sewerage and Water Systems - Public Act 233 (1955);
- 5) County Public Improvement Act - Public Act 342 (1939);
- 6) Watershed Alliance Act - Public Act 517 (2004); and
- 7) Voluntary Cooperation.

Table 10-1 provides a brief summary of each of these options, how each of these options can be used (including a working example in the state, if possible), and some advantages or disadvantages for using each option. Any of these options could be used independently or in combination to handle a specific project area.

Funding

When looking to cooperatively implement the WMP, it is important to consider how costs will be divided and paid. A common method for funding allocations is to use a formula that is a function of land area and population. Funding formulas based on other factors include, number of parcels, impervious area, land use, diversity of development, opportunity for new development, and community resources. Furthermore, not every task must use the same formula. Different work initiatives may use different formulas. For example, funding allocations for illicit discharge elimination program (IDEP) may be based on land area and the number of outfalls, whereas funding for public education may be based on population.

Independent of which allocation approach is selected is the issue of raising the funds to pay for the activity. Local governments have three basic means of raising revenues - special assessments, taxes, and fees.

Special Assessments

Special assessments are assessments imposed on real property which benefits especially from a government expenditure or service. Special assessments are limited in amount to no more than the increase in value which the real property gains because of the expenditure. Local street and sewer projects are often paid for by special assessments on the real property served by the street or sewer.

Table 10-1. Legal relationship options.

Description	
The Drain Code	<p>PA 40(1956). The watershed drainage district created under chapter 20 could include an area within a single municipality or more than one municipality, depending upon the type of agreement to be used. A watershed drainage district established under the Drain Code petition process can be accompanied by a contract between the municipality and the Drainage Board through the execution of an agreement under section 471 or 491. These agreements would describe the services the Drainage Board would provide for each community in the drainage district, identify the process of assessing charges for those services, and establish a mechanism for identifying and approving needed projects. In the case of a section 471 agreement, a watershed committee would be established with a representative from each municipality in the drainage district. Before a proposed project could go to the Drainage Board for consideration, it would need the approval of the watershed committee.</p> <p>Each municipality in the watershed drainage district would be apportioned their share of the cost of the projects. Municipalities could cover their costs either through their general fund or levy those costs to the individual properties within the drainage district through ad valorem taxes, rates/fees, or special assessments.</p>
Public Works Act	<p>PA 185(1957). Gives county departments of public works broad authority to provide a range of services, including the collection and transport of stormwater. These county departments may also contract with other units of government to provide specific facilities or services. Funding mechanisms for these services includes property taxes, special assessments, and user charges/rates.</p>
Inter-Municipal Committee	<p>PA 200(1957). Allows participating municipalities to adopt resolutions for the establishment of a study committee. Funding is provided by the participating municipalities. However, activities of the committee are limited to study and planning. Construction, operation, maintenance of facilities or implementation of projects beyond studies is not permitted under this legislation.</p>
Municipal Sewerage & Water Syst.	<p>PA 233(1955). Municipalities can jointly create an Authority which then contracts with individual municipalities to provide specific facilities or services. Once established, activities of the Authority are limited to those related to owning and operating a sewage disposal system, including storm sewers. Contracting municipalities use a variety of mechanisms to pay for the facilities or services they receive from the Authority, including property taxes, special assessments, and user charges/rates. PA 233 authorities can issue bonds for capital improvements.</p>
County Public Improvement Act	<p>PA 342(1939). For purposes of water quality activities, this legislation is similar to the Public Works Act. It authorizes the County Board of Commissioners to designate a county agency to provide specific services, including the collection and transport of stormwater. County agencies eligible to serve as the designated agency include the Board of Public Works, Road Commission, or Drain Commissioner. Rates, charges, or assessments are paid based on the facilities or services provided and the agency can contract with other units of government for the cost of such facilities or services. Again, property taxes, special assessments, and user charges/rates can be used by the contracting governments to pay for the facilities or services they receive.</p>
Watershed Alliance Act	<p>PA 517(2004). Two or more communities can form a watershed alliance if they adopt bylaws with the approval of the governing body. Through by-laws, Alliances establish boundaries, assessments to members, structure, and decision-making process. The law provides for authority to receive grant funding, manage its own money, contract its own staff and services, and implement plans and projects. Alliances <i>can not</i> levy taxes or assess individuals, businesses, or property. They do not have the authority to regulate or issue permits. Membership is voluntary and can include municipalities, counties, school districts, colleges and universities, or other local or regional public agencies.</p>
Voluntary Cooperation	<p>It is possible to work voluntarily without any contracts or legal agreements. To accomplish this, affected units of government must voluntarily agree to work together cooperatively. This requires trust and accountability.</p> <p>There are many different ways to implement a cooperative agreement, with reliance upon committees being one of the dominant structures. Different structures can be considered prior to organizing a committee. Regardless of what structure is decided upon, leadership is a critical component. Some committees elect chairman, others have series of subcommittees. Many committees use Roberts Rules of Order to manage committee operations.</p>

Table 10-1. Legal relationship options. (rows continue across from previous page)

Advantages	Disadvantages
<ul style="list-style-type: none"> • Flexibility in paying apportioned share (property taxes, rates/fees, special assessments, or general fund); such property taxes may not be subject to the Headlee Amendment. • Define the scope of the work to be performed, responsibilities, active participation by local governments and various agencies involved; allows for use of in-kind services in lieu of cash payments. 	<ul style="list-style-type: none"> • Petition needs to be carefully drafted to include implementation activities. • Agreements with multiple municipalities can be difficult and time consuming. • May limit the role of local government in decision making.
<ul style="list-style-type: none"> • Allows use of various funding mechanisms. 	<ul style="list-style-type: none"> • Absent companion agreements, may limit the role of local government in decision making.
<ul style="list-style-type: none"> • Simple to start.. • Municipal support can be funds or in-kind services, equipment, etc. 	<ul style="list-style-type: none"> • For study purposes only.
<ul style="list-style-type: none"> • Allows use of various funding mechanisms. • Can provide services to non-member municipalities at same or greater fee. 	<ul style="list-style-type: none"> • Creates a separate authority. • Primarily intended for water and wastewater services, but can include stormwater. • Contracts between county and municipality(ies) are subject to a right of referendum.
<ul style="list-style-type: none"> • Allows use of various funding mechanisms. 	<ul style="list-style-type: none"> • Absent companion agreements, may limit the role of local government in decision making. • Contracts between the county and participating municipality(ies) are subject to a right of referendum.
<ul style="list-style-type: none"> • Specifically written to allow communities to undertake water quality activities. • Allows for the planning/ design and implementation of multi-jurisdictional projects. • Can receive and administer external funding. • Equitable membership. • Auditing of finances required by State. 	<ul style="list-style-type: none"> • Still must submit separate permits, IDEPs, SWPPIs, etc. • Does not solve the funding problem.
<ul style="list-style-type: none"> • Raising revenue is each community's responsibility which allows for flexible approaches. • Direct relationship between cost and benefit to each community. 	<ul style="list-style-type: none"> • Requires trust and individual accountability. • Absence of leadership can limit implementation. • Not a reliable stream of funding.

Taxes

Local governments' power to tax is limited to those taxes expressly authorized by constitution or statute. Local government taxing authority is primarily limited to ad valorem taxes on real and personal property and to personal income tax. The rate of these taxes is also limited by statute. In general, local governments do not have the authority to tax on any other basis and cannot impose a sales tax or a tax on consumption like state and federal taxes on gasoline. Thus, a local government does not have the authority to impose a tax on sewer or water use in order to pay for providing those services. Taxes may be imposed to raise revenues for general governmental purposes or for specific projects or objects. The Headlee Amendment requires a local vote of approval for any tax not authorized by law at the time the amendment was enacted. In addition, some authorizing statutes also require a local vote before a tax is imposed under certain circumstances.

A recent SEMCOG study (*Land Use Change in Southeast Michigan: Causes and Consequences*, March 2003) has shown that because Proposal A limits taxable value increases for properties remaining in the same ownership to five percent or the rate of inflation, whichever is less, communities without much land available for development are severely limited in taxable value growth. Without new construction to bring more State Equalized Valuation (SEV) and its full taxable value, municipal revenues from ad valorem taxes often do not keep pace with increases in SEV.

Fees

Fees are charges for services offered or carried out pursuant to a local government's "police" power, meaning government's authority to undertake or regulate actions to promote public health, safety, and welfare. Building inspection fees paid for city building inspection services conducted as a part of the city's program to maintain safe housing are one example of a fee. The *Bolt* decision, together with many other court decisions, puts bounds on the circumstances under which a local government can impose a valid fee. Because fees are the most common method in Michigan for financing the provision of safe drinking water and sewerage services, any changes in the law which affect how a local government can impose a fee are of great import to both a local government and its residents.

Summary of Funding Mechanisms

This subsection discusses in more detail the possible taxes, special assessments, and fees that can be used to generate funding. Also included are appropriate grant programs. The mechanisms include:

- 1) Stormwater Utility;
- 2) Sewer Rates;
- 3) Special Assessment;
- 4) Natural Resources and Environmental Protection Act;
- 5) Revised Municipal Finance Act (RMFA);
- 6) User Fees / Charges;
- 7) State Revolving Fund; and
- 8) Other State grant and loan programs, which may validly be used for the contracted purpose.

The individual mechanisms are presented in Table 10-2.

Legal Issues

In the *Bolt* decision, the court established a three-part test for distinguishing a valid user fee from a tax:

- The fee must serve a *regulatory purpose* rather than a revenue raising purpose.
- A user fee must be *proportionate* to the necessary costs of the service.
- A user fee must be *voluntary* – users must be able to refuse or limit their use of the commodity or service.

These criteria are being used to distinguish whether a government-imposed charge is a fee or a tax. As noted above, this distinction is important because there are constitutional and statutory limitations on a government's authority to impose taxes. A charge which is determined to be a tax is subject to those limitations. The *Bolt* decision and subsequent court decisions have far reaching implications for both state and local governments. While the *Bolt* case dealt with a fee imposed by a local government for a sewer project, the fee versus tax test laid out by the *Bolt* court has been applied in a number of cases beyond water and sewer fees at both the state and local level. The result of the *Bolt* decision has been a lack of necessary certainty and predictability with regard to using fees as a mechanism to fund the provision of essential governmental services.

Currently there is a legislative proposal being developed that will assist in the creation of stormwater utilities.

Example of a Program Implementation Activity: A Volunteer Assisting with Road-Stream Crossing Inventories



Photo courtesy of MCPWO.

Example of a Past Capital Project: Straightened and Armored Banks of the Stephens Relief Drain



Photo courtesy of MCPWO.

Implementation and Funding

SWAG members are faced with implementing a wide range of actions associated with this WMP. While many of these are related to compliance with the Watershed-based Permit, others, such as recreation enhancement are not. With the recognition that land use activities directly impact water quality, SWAG members are now faced with a broad range of new water quality responsibilities, particularly those that are experiencing significant development pressure.

In this chapter, the actions to be taken by SWAG members are grouped into two different categories: 1) planning and program implementation activities and 2) capital projects. The first category includes activities such as development of a stormwater management plan and implementation of non-capital programs (e.g. public education programs and ordinance development and enforcement). Planning and program implementation activities are on-going in nature, and, for the most part, do not require the outlay of large financial resources. Nonetheless, they do require a commitment to long-term, stable sources of funding. Capital projects, on the other hand, are usually short-term construction projects that often require borrowing and a long-term commitment of dedicated funding to repay the loan.

Planning and Program Implementation Activities

Many of the actions that WMP-participants will be implementing may go beyond their technical and financial resources. Additionally, there are significant cost efficiencies that may be realized by developing programs that meet the need of several WMP-participants instead of a collection of independent programs. Therefore, the WMP-participants may opt to contract with other government agencies for specific planning and program implementation activities.

Capital Projects

Capital projects to address water quality concerns, such as extension of sanitary sewer service or the construction of septage receiving facilities have traditionally been the responsibility of local governments. These projects usually require a significant investment over a short period of time with a repayment schedule that can extend several years beyond the actual construction schedule. Municipalities that own or operate wastewater collection and/or treatment systems are required to develop capital improvement plans (CIP), usually on an annual basis. The CIP identifies the major capital projects expected in the next several (5 to 10) years, as well as the anticipated funding mechanism.

Capital projects are paid through some combination of either a pay-as-you-go basis as revenues are available or from the proceeds of indebtedness (bonds), with revenues dedicated to debt retirement. In either case, the revenues supporting the CIP may include some or all of tax revenues, user rates and charges, special assessments, connection fees, and capital reserve funds.

Table 10-2. Funding mechanisms.

Description	
Stormwater Utility	Like other utilities, stormwater utilities are established to charge a fee for providing a service, and typically are accounted for as an enterprise fund. This fund is used to cover the operation and maintenance of the stormwater system and, in some cases, finance capital improvements. Fees are paid periodically, often quarterly, and included on the water and sewer billing. Fee structures often include a flat rate charge and a land area charge, generally with a minimum per parcel fee. The land area charge may vary, based on such factors as the parcel's total impervious area, ratio of impervious to pervious surface area, the ratio of retention to impervious surface, or the installation of approved best management practices (BMPs).
Sewer Rates	Sewer rates are simply charges to residents and businesses for services associated with being connected to the municipal sewer systems. Sewer charges must be attributable to the service provided. Typically, sewer rates include the cost of operating and maintaining the infrastructure necessary to collect and treat the sewage, along with debt service for capital projects and, in some cases, funding for future capital projects identified in the capital improvement plan. Connection fees are commonly used as a means of funding the capital expenditures needed to provide new or expanded sewer service. Sewer rates and charges, like other user fees, must be established so as not to be a tax.
Special Assessment	Special assessments are levied against individual properties benefiting from the program/project through the establishment of a special assessment district (SAD) to cover the cost of specific activities/improvements. While the authority to establish special assessment districts varies by the type of governmental unit, special assessments must always be directly related and proportional to the benefit received from the improvement and funds can only be used to pay for the cost of the improvement.
Natural Resources and Env. Prot. Act	PA 451 (1994). Part 43 of the Natural Resources and Environmental Protection Act authorizes cities, villages and townships to borrow to pay the cost of improvements to waterworks systems or sewage systems in those instances in which the DEQ, State Department of Public Health or a court of competent jurisdiction has ordered the installation, construction and/or improvement of such systems or the DEQ has issued a permit for the installation, construction, alteration, improvement or operation of such a system and the plans for such improvements or system have been prepared and approved by the State department or agency having the authority to grant such approval.
RMFA	PA 34 (2001). Section 517 of the Revised Municipal Finance Act authorizes counties, cities, villages and townships to borrow for capital improvement items that will improve or protect water quality.
User Fees / Charges	User fees and charges are financial charges for services provided or activities undertaken, such as sewer rate charges or sewer connection fees, which provide a benefit to the ratepayer and not the general public. User fees, however, have been the subject of recent litigation and must meet the criteria established by Michigan law so as not to be determined a tax: a user fee must serve a regulatory purpose (not a revenue raising purpose), be proportional to the cost of the service provided, and be voluntary (the user must be able to limit or avoid the use of the service in order to reduce or avoid paying the fee).
State Revolving Fund	The state and federal governments have made limited financial assistance available to municipalities for capital projects. Municipalities can obtain low-interest loans through the state revolving fund (SRF). In order to obtain a loan, the municipality issues bonds which are sold to the Michigan Municipal Bond Authority in amounts approved by the MDEQ. All of the applicable procedures and requirements for issuing bonds under state and federal law continue to apply. One further condition of these loans is a demonstration that the municipality has the ability to repay the loan. Used almost exclusively in Michigan to finance large sewer treatment works and sewer separation projects, the loan repayments are financed through a combination of rates, connection fees, special assessments, and property taxes.
Other Grant & Loan Programs	The Michigan Department of Environmental Quality administers a range of grant and loan programs aimed at assisting local governments develop and implement pollution abatement programs. Information on MDEQ grant and loan programs can be obtained from the MDEQ Assistance and Support Services. Additionally, there are numerous other local, state, federal, and international entities that operate myriad grant programs providing funds to implement most of the actions identified in this WMP. See Chapter 8 for additional information regarding these grant programs.

Table 10-2. Funding mechanisms. (rows continue across from previous page)

Advantages	Disadvantages
<ul style="list-style-type: none"> • Fee based on runoff; assessed against all properties. • Is equitable; directly related to benefit received. • Not based on property value. • Consistent funding stream. • Use existing billing system; reduces costs. • Fee can be reduced through implementation of BMPs. • Can contract with other governmental units. 	<ul style="list-style-type: none"> • Must be set up to withstand challenges under <i>Bolt</i> - this may add complexity to the utility and increase costs. • Determining ratio of impervious surface area for parcels may be difficult/ costly. • Risk of financial liability for refunds in the event a user fee is determined later to be a tax.
<ul style="list-style-type: none"> • Equitable - direct relationship between cost and service. • Users have some control over costs they incur. • Not dependent upon property ownership. This may be especially important in municipalities where tax exempt entities have significant land holdings. 	<ul style="list-style-type: none"> • Can be difficult to set rates sufficient to meet <i>future</i> capital improvement needs. • Difficult to include stormwater and other <i>nonpoint</i> source activities.
<ul style="list-style-type: none"> • Direct relationship between benefit and assessment. • No property tax limitations. • Assessments are against all properties (certain tax-exempt entities are also exempted by the General Property Tax Act from paying special assessments). 	<ul style="list-style-type: none"> • Municipality may incur additional administrative costs • Difficult to achieve consensus for the allocation of benefits.
<ul style="list-style-type: none"> • Municipality can borrow in response to court or regulatory order with respect to water quality. 	<ul style="list-style-type: none"> • Borrowing is subject to a right of referendum. • Borrowing is limited to the purposed set forth in the order.
<ul style="list-style-type: none"> • Use more than one funding mechanism to pay debt. • No need to have MDEQ or court order to borrow. 	<ul style="list-style-type: none"> • Borrowing is subject to a right of referendum. • Borrowing is limited to 5% of municipality's State.
<ul style="list-style-type: none"> • Direct relationship between cost and service. • User can limit or avoid the fee. • Not bound by Headlee limits. • Includes capital cost recovery. • Fees and charges are paid by all system users; this may be especially important in municipalities where tax exempt entities have significant land holdings. 	<ul style="list-style-type: none"> • The <i>Bolt</i> decision has cast a cloud over traditional means of setting / imposing user fees. • Can be administratively complex. • Risk of financial liability for refunds in the event a user fee is determined later to be a tax.
<ul style="list-style-type: none"> • Low-interest. • Significant amounts. • Can now be used for planning infrastructure projects. 	<ul style="list-style-type: none"> • Must still pay State back. • May require bond issue to cover repayment. • Limited pool of funds. • Competitive program.
<ul style="list-style-type: none"> • Many programs are grants. • Many programs require inter-governmental cooperation. • Municipality does not have to draw on general fund for program/initiative. 	<ul style="list-style-type: none"> • Programs tend to be focused. • Limited funds available. • Many programs are competitive. • Local match funding is usually required. • Many programs require inter-governmental cooperation.

Summary

In summary, the range of actions SWAG members are responsible for implementing has expanded greatly. There are a variety of alternatives for funding these activities that need to be evaluated in choosing a course of action for any particular activity.

Table 10-3 lists a number of actions communities may implement and the institutional mechanisms available for funding them. This table was prepared to use as a tool to compare and contrast the desirability of the different mechanisms with respect to any particular activity. For example, communities could use this table to rank the alternatives low, medium, or high as part of narrowing options and focusing discussion in the decision making process.

Cool Cities Initiative

In the State of Michigan, entities receiving grants through the 'Cool Cities' program receive preferred consideration for other grants that are part of the program. For more information, refer to the website:

<http://www.coolcities.com/>

Source: www.coolcities.com, 2006.

Table 10-3. Examples of actions and potential funding mechanisms.

Action	Drain Code ³	Public Works Act	Inter-Municipal Committee Act	Municipal Sewer and Water Authorities	County Public Improvement Act	Stormwater Utilities	Sewer Rates	Special Assessment Districts	Natural Resources and Env. Protection	Revised Municipal Finance Act
Planning, Institutionalization, and Implementation ⁴	X	X	X	X	X	X	X			
Ordinances, Zoning, and Development Standards ⁴	X	X		X	X	X	X			
Public Education and Participation ⁴	X	X	X	X	X	X	X			
Good Housekeeping and Pollution Prevention ^{1,4}	X	X	X	X	X	X	X			
Stormwater Best Management Practices ⁴	X	X		X	X	X	X			
Water Quality Monitoring ⁴	X	X		X	X	X	X			
Capital Improvement Projects ²	X	X		X	X	X	X	X	X	X

¹ - Includes Illicit Discharge Elimination Plans and Catch Basin Cleaning/Street Sweeping (although the latter is not fundable through the Inter-Municipal Committee Act).

² - Includes Stormwater Control Facilities, Sanitary Sewer Overflow Control, Combined Sewer Overflow Control, Sewer Rehabilitation, and Sewer Extension.

³ - While the Drain Code is primarily used for generating funding for capital projects, other activities can be funded if included in a petition and inter-municipal agreements.

⁴ - All of these activities will include both a planning and an implementation component, e.g.: an illicit discharge elimination program will require developing a plan, which may include new ordinances, periodic assessment of program effectiveness, etc, as well as implementation activities, such as surveying commercial/industrial facilities to identify cross-connections or inspecting residential septic systems on a periodic basis.

References

- Herrmann, K. and J. Scholl. (2004). *Developing a Community Based Phase II Watershed Organization in the Greater Lansing Michigan Area*, Tetra Tech, Lansing, Michigan
- Scholl, J. and J. Gerth, (2002). NPDES Phase II Storm Water Permitting: Public Act 342 Case Study, Genesee County. *Pipeline*, Michigan Association of County Drain Commissioners, Voll 11, No. 4.
- Southeast Michigan Council of Governments [SEMCOG], (April, 2003). *Options for Local Government Funding of Water Quality Activities*, available at www.semco.org
- Southeast Michigan Council of Governments [SEMCOG], (February, 2005). *State and Local Government Financing of Essential Services with User Fee*, available at www.semco.org