



United States Department of Agriculture  
Rural Development  
Caro Area Office

June 24, 2011

Mr. Timothy R. Wolff, Village Manager  
Village of Lake Isabella  
1010 Clubhouse Dr.  
Lake Isabella, MI 48893

Via email: [tim@lakeisabellami.org](mailto:tim@lakeisabellami.org)

Re: Village of Lake Isabella Sanitary Sewer System

Dear Mr. Wolff:

We reviewed the Village of Lake Isabella's pre-application for sanitary sewer system funding. We find the Village eligible for funding from USDA - Rural Utilities Service (RUS). We have determined the level of financial assistance is a **loan of \$8,283,000**. The loan term would be 40 years at the intermediate interest rate. If the Village decides not to proceed with the proposed project or there are significant changes to your application, please notify this office immediately.

The RUS Bulletin 1780-1 Water and Waste Project Selection Criteria indicates the Village received a project selection criteria score of **75 points**. A copy is attached for your records.

**This is not a commitment or approval of any funds from RUS. These terms or amounts could change if the information in the application is revised, updated or if RUS program conditions change. We expect funds will be available for this project within 6-9 months.**

**You are advised against taking any actions or incurring any obligations, which would either limit the range of alternatives to be considered, or which would have an adverse effect on the environment.**

**We have the following comments or concerns regarding this project:**

1. Regarding issuance of a bond, The Village should request assistance from Isabella County via an Act 185 Agreement or consider a Revenue Bond. 3% of the Township's SEV will only allow for a \$2,586,208 Special Assessment bond.
2. A revised SF-424 "Application for Federal Assistance" must be submitted under Isabella County (unless a Revenue Bond is considered). The SF-424 must reflect the full project cost and agree to the engineer's estimates in the Preliminary Engineering Agreement.

The Village must submit a complete full application before further consideration may be given to your proposed project. The following items are still required for a full application; please submit them to our office:

1075 Cleaver Road • PO Box 291 • Caro, MI 48723  
Phone: (989) 673-7588 • Fax: (989) 673-1848 • TDD: (517) 324-5169 • Web: <http://www.rurdev.usda.gov/mi>

Committed to the future of rural communities.

\*USDA is an equal opportunity provider, employer and lender.\*  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights  
1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 758-3272 (voice) or (202) 720-6382 (TDD).

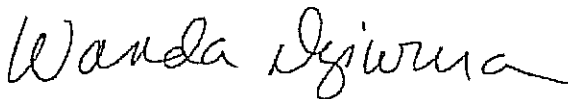
1. **Environmental Report.** See RUS Bulletin 1794A-602 "Guide For Preparing Environmental Reports for Water and Waste Projects". This document can be downloaded from the RUS web site, <http://www.usda.gov/rus/water/regs-bulletins.htm>. Also refer to Michigan Guide 2, Attachment 2, "Michigan Supplement to RUS Bulletin 1794A-602" with Exhibit A,

The Village must complete the environmental process before Rural Development can obligate funds for your project.

2. **Draft Engineering Agreement,** "Standard Form of Agreement between Owner and Engineer for Professional Services" (EJCDC No. E-500, including Exhibits A through J, 2008 edition). Michigan Attachment C must be used as outlined in **RUS Bulletin 1780-26, Attachment A.** Please submit 2 copies of the draft agreement with proof of liability insurance to RD for review and approval. Form AD-1048 (Certification Regarding Debarment) must be signed. After initial review by RD, your attorney must review the agreement prior to final execution and render an opinion as suggested in Michigan Guide 4, Attachment 2. Additional information regarding these documents can be found at: <http://www.usda.gov/rus/water/ees/enlib/index.htm>.
3. **General public meeting:** Applicants should inform the general public regarding the development of any proposed project. Any applicant not required to obtain authorization by vote of its membership or by public referendum, to incur the obligations of the proposed loan, will hold at least one public information meeting. The public should be notified of the meeting at least 10 days prior by newspaper publication and posting of notices. Supply this office with an affidavit of publication and minutes of the meeting. The public meeting must be held after the application is filed and not later than loan approval. If a meeting has already been held, you may submit the appropriate documentation at this time.

If you have any questions, please contact me at 989-673-7588 extension 118, or [wanda.dziwura@mi.usda.gov](mailto:wanda.dziwura@mi.usda.gov).

Very truly yours,



Wanda Dziwura  
Area Specialist

Attachments

Cc: Steve Clark, Rowe PSC (email)  
State Office, Community Programs (email)

**WATER & WASTE  
PROJECT SELECTION CRITERIA**

Name of Applicant Lake Isabella, Village of  
 SERVICE TO BE PROVIDED: Sewage Collection/Treatment

PRIORITIES	POSSIBLE POINTS	POINTS AWARDED
<b>A. Population priorities:</b>		
1. Project primarily serves a rural area equal to or less than 1,000 population.	25	
2. Project primarily serves a rural area between 1,001 and 2,500 population.	15	<u>15</u>
3. Project primarily serves a rural area between 2,501 and 5,500 population.	5	
<b>B. Health priorities:</b>		
1. Project alleviates emergency situation, corrects unanticipated diminution or deterioration of a water supply or meet Safe Drinking Water Act requirements which pertain to a water system.	25	
2. Project to correct inadequacies of a wastewater disposal system or to meet health or sanitary standards which pertain to a wastewater disposal system.	25	<u>0</u>
3. Projects which are required to meet administrative orders issued to correct local, State or Federal violations pertaining to solid waste.	15	
<b>C. Median household income (MHI) priorities:</b>		
1. MHI less than the poverty line if the poverty line is less than 80% of the state nonmetropolitan household income (SNMHI).	30	
2. Less than 80% of the SNMHI.	20	<u>15</u>
3. Equal to or more than the poverty line and between 80% & 100% inclusive, of the SNMHI.	15	

Name of Applicant Lake Isabella, Village of

POSSIBLE POINTS                      POINTS AWARDED

D. Other priorities:

1. Project to merge ownership, management, and operations of smaller systems for more efficient management and economic service.	15	<u>15</u>
2. Project to enlarge, extend, or otherwise modify existing facilities to serve additional rural residents.	10	<u>10</u>
3. Applicant is a public body or Indian tribe.	5	<u>5</u>
4. Amount of other funds committed to project is:		<u>0</u>
a. 50% or more	15	
b. 20-49%	10	
c. 5-19%	5	
5. Project will serve an Agency identified target area.	10	<u>0</u>
6. Project will primarily recycle solid waste products thereby limiting the need for solid waste disposal.	5	<u>0</u>
7. The proposed project will serve an area that has an unreliable quality or supply of drinking water.	10	<u>0</u>
Sub-Total Points		<u>60</u>

E. State Program Director's discretionary points:

Up to 15 Points may be awarded to projects to improve compatibility/coordination between RUS's and other agencies' selection systems and to assist those projects that are most cost effective and that provides for effective RUS fund utilization.

15

F. Total Points:

75

G. Administrator's discretionary points.

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State Program Director's should recommend and provide written justification for assignment of Administrator's points under this paragraph.

Christine M. Mahoney  
STATE PROGRAM DIRECTOR

6/23/11  
Date

Name of Applicant Lake Isabella, Village of.

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**Justification for Discretionary Points**

This loan only project is cost effective and provides for effective WEP fund utilization. Michigan WEP policy is to put a high priority on loan only projects. CMM