STATE OF MISSISSIPPI
DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM

DRAFT

AMENDMENT NO. 2
TO THE
FY-2007 INTENDED USE PLAN

Presented to the Board
on August 10, 2007

MISSISSIPPI DEPARTMENT OF HEALTH

www.HealthyMs.com
1-866-HLTHY4U
1-866-458-4948

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS

IMPROVEMENTS BOARD

P.O. BOX 1700 SUITE U-232

JACKSON, MISSISSIPPI 39215-1700

(Blank)

DRAFT
STATE OF MISSISSIPPI
LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND

FY-2007 INTENDED USE PLAN

TABLE OF CONTENTS

I. INTRODUCTION V

A. STATE OF MISSISSIPPI'S DRINKING WATER REVOLVING LOAN FUND ..... - 1 -
B. PROGRAM OVERVIEW ..... - 2 -
C. PUBLIC INPUT, REVIEW, AND COMMENT PROCEDURES ..... - 2 -

II. GOALS OF MISSISSIPPI'S DRINKING WATER REVOLVING LOAN FUND ..... - 2 -

A. LONG-TERM DWSRF GOALS ..... - 3 -
B. SHORT-TERM DWSRF GOALS ..... - 3 -

III. STRUCTURE OF THE MISSISSIPPI DWSIRLF ..... - 4 -

A. DWSIRLF LOAN/OPERATIONS FUND ..... - 4 -
i. Types of Eligible Projects: ..... *- 4 -*
ii. DWSIRLF Set-aside Accounts: ..... *- 4 -*
B. DWSIRLF STATE MATCH FUNDS ..... - 5 -
C. DWSELF LOAN FUND ..... - 5 -

IV. FINANCIAL STATUS OF THE DWSIRLF ..... - 5 -

A. SOURCE AND USE OF FUNDS ..... - 5 -
i. Federal Allotment ..... *- 5 -*
ii. State Match Requirements ..... *- 6 -*
iii. Loan Increase Reserve ..... *- 6 -*
B. FINANCIAL PLANNING PROCESS ..... - 7 -
i. Efficient Bond Management ..... *- 7 -*
ii. Interest Rate Determination ..... *- 7 -*
iii. Investment ..... *- 7 -*
C. FINANCIAL TERMS OF LOANS ..... - 8 -
i. Funding Limit ..... *- 8 -*
ii. Interest Rate ..... *- 8 -*
iii. Administration Fee ..... *- 8 -*
iv. Other Related Issues ..... *- 8 -*

V. SET ASIDE ACTIVITIES ..... - 9 -

A. ADMINISTRATION ..... - 10 -
B. SMALL SYSTEM TECHNICAL ASSISTANCE ..... - 10 -
C. STATE PROGRAM MANAGEMENT ..... - 10 -
D. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS ..... - 11 -

VI. PRIORITY SYSTEM ..... - 11 -

A. FUNDING AND RANKING RATIONALE ..... - 11 -
i. Funding Lists and Bypass Procedure ..... *- 11 -*
ii. Loan Decreases ..... *- 12 -*
iii. Match for SPAP Grants ..... *- 12 -*
iv. Disadvantaged Communities ..... *- 12 -*
B. PRIORITY SYSTEM CATEGORIES ..... - 12 -

C. PRIORITY RANKING CRITERIA ..... - 15 -
D. PRIORITY SYSTEM DEADLINES ..... - 18 -

VII. FY-2007 PRIORITY LIST ..... - 20 -

VIII. FY-2007 DETAILED PROJECT LIST WITH ADDITIONAL INFORMATION ..... - 25 -

IX. EXPECTED PUBLIC HEALTH OUTCOMES & PERFORMANCE MEASURES ..... - 26 -

APPENDICES

A. STATE OF MISSISSIPPI DWSRF PROGRAM FY-2007 ASSUMED AVAILABLE FUNDS ..... - 30 -

B. PROJECTED SCHEDULE OF OUTLAYS ..... - 35 -

C. PROJECTED PAYMENT (FEDERAL LETTER OF CREDIT) SCHEDULE ..... - 37 -

D. PROJECTED SCHEDULE OF DRAWDOWNS AGAINST FEDERAL LETTER OF CREDIT ..... - 38 -

E. MISSISSIPPI SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE WORKPLAN ..... - 39 -

F. MISSISSIPPI STATE PROGRAM MANAGEMENT SET ASIDE ANNUAL WORKPLAN ..... - 43 -

G. MISSISSIPPI STATE PROGRAM MANAGEMENT SET ASIDE MATCH REQUIREMENTS .... - 48 -

H. COORDINATION SCHEDULES FOR JOINTLY FUNDED PROJECTS ..... - 49 -

I. DRINKING WATER SYSTEMS EMERGENCY LOAN FUND PROGRAM ..... - 53 -

J. CERTIFICATIONS ..... - 54 -

Purpose of Amendment No. 2 to the
FY-07 Intended Use Plan

The Purpose of this amendment is to revise the Final FY-07 Intended Use Plan Amendment #1 to reflect the following changes:

- To amend Section VII.– for the addition of the following projects to the FY-2008 and After Planning List to allow for their funding in FY-07:
  Town of DeKalb – Rehabilitation of Existing Elevated Tank

I. Introduction

A. State of Mississippi's Drinking Water Revolving Loan Fund

The Safe Drinking Water Act Amendments of 1996 (SDWA) established the national Drinking Water State Revolving Fund (DWSRF) Program. That program allows the Environmental Protection Agency (EPA) to make capitalization grants to states, to in turn provide low cost loans to public water systems to help achieve or maintain compliance with SDWA requirements. Accordingly, the State Legislature (through Section 41-3-16, MS Code of 1972 Annotated) created what is now called the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program, to receive the federal DWSRF capitalization grants from EPA, and to provide the low cost loans to the State's public water systems to finance needed infrastructure improvements.

That same legislation created the "Local Governments and Rural Water Systems Improvements Board," to oversee the administration of the DWSIRLF Program. The Mississippi Department of Health, as the state's Drinking Water primacy agency, supplies the staff and facilities necessary to administer the program. The Board is composed of the following nine (9) members: the State Health Officer, who shall serve as chairman of the board; the Executive Director of the Mississippi Development Authority; the Executive Director of the Department of Environmental Quality; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Association of Supervisors; the Executive Director of the Mississippi Municipal League; the Executive Director of the American Council or Engineering Companies; the State Director of the United States Department of Agriculture, Rural Development; and a manager of a rural water system. Each agency director may appoint a designee to serve in his or her place on the board. The rural water system manager is appointed by the Governor. In the creation of the program it was the intent of the Legislature that the Board endeavor to ensure that the costs of administration of the DWSIRLF Program are as low as possible, in order to provide the water consumers of Mississippi safe drinking water at affordable prices.

As a condition of receiving the DWSRF capitalization grants, the SDWA requires that each state annually prepare an Intended Use Plan (IUP). The IUP is designed to outline how a state will utilize DWSRF funds to assist in protecting public health. The DWSIRLF consists of both state and federal funds. Federal funds are provided to the states in the form of awarded capitalization grants. Each state's allotment of those grants is based on EPA's Needs Survey that is performed every four years. State matching funds totaling 20% of the federal grant amount are required to be deposited into the fund as that match and have historically been provided through the issuance of bonds. The purpose of this IUP is to convey Mississippi's DWSRF plan for FY-2007 to EPA, other state agencies, the state's public water supplies, and the general public.

B. Program Overview

The basic framework under which the DWSIRLF Program operates is established by two documents. The first document is the Drinking Water State Revolving Fund Loan Program Operating Agreement (Operating Agreement) between the Mississippi Department of Health and the Environmental Protection Agency, Region IV. This Operating Agreement was agreed to by both parties and approved on August 10, 1998. The Operating Agreement establishes the basic framework of the DWSIRLF that is not expected to change from year to year. The second document is this IUP, which describes how the State of Mississippi will obligate the FY-2007 DWSRF allotment of $8,229,000 from October 2007 through September 2010, as shown in the capitalization grant application. This IUP will show in detail the following: the goals (both long term and short term), the structure, and the financial status of the loan program; the role of the set aside activities within the state; and most importantly, the distribution of funds toward public water system improvement projects and the criteria used in determining their ranking within the priority system. If anyone would like to receive a copy of either of these documents, they should contact William Moody at (601) 576-7518 to request copies.

C. Public Input, Review, and Comment Procedures

To ensure that the public has an ample opportunity to review and comment upon the IUP, the Department and the Board follows the "Mississippi Administrative Procedures Law" prior to final submission to EPA. A public notice period of at least twenty-five (25) days allows for review and comment before a public hearing. A second filing with the Secretary of State's Office occurs with the IUP becoming law 30 days later.

Public notice will be given in *The Clarion Ledger*, a newspaper of statewide circulation, for a public hearing to receive any written and oral comments on this IUP. It will be held at 9:00 a.m. on Monday, September 17, 2007. A transcript of the public hearing recording the comments and recommended solutions will be submitted to EPA along with the Final Intended Use Plan. If anyone would like to receive a copy of the public hearing transcript they should contact William Moody at (601) 576-7518 to request copies. A copy of the "Mississippi Administrative Procedures Law" can be obtained from the Mississippi Secretary of State's Office, and can also be found on the Mississippi Department of Health's website at www.msdh.state.ms.us/dwsrf.

II. Goals of Mississippi's Drinking Water Revolving Loan Fund

The Board has established certain goals, both long-term and short-term, for the DWSIRLF Program with the objective of improving the program on an ongoing basis. The goals were developed to address the necessary requirements of federal and state regulations, as well as, the state's needs and desires to maintain and enhance the program. Congress and the State of Mississippi have placed particular emphasis on assisting smaller drinking water systems under the DWSIRLF to ensure that these systems have

adequate technical, managerial, and financial resources to achieve or maintain compliance and provide safe water.

A. Long-Term DWSRF Goals

1. Maintain a financially sound DWSIRLF in perpetuity, meet a portion of the drinking water needs in the State within a reasonable period of time, and fund projects in order of public health importance. This will help ensure that Mississippi's drinking water supplies remain safe and affordable, and that those public water systems that receive funding will be properly operated and maintained. Essential to achieving this goal is the determination of an interest rate and loan repayment terms which will generate sufficient fund income to meet the State's needs within a reasonable period of time, but which are competitive with private sector and other available funding, thereby insuring the timely use of all available funds. Further details of loan terms and priority ranking are outlined in Sections IV and VI of this IUP.

2. Streamline Program Requirements/Procedures. Once transition of the DWSRF Program Administration from MDEQ to MDH is completed, MDH intends to systematically evaluate the existing program requirements and procedures to determine possible ways to streamline the program, to make it more "user friendly", attractive, and beneficial to loan recipients, while ensuring continued compliance with all federal and state regulations and requirements.

B. Short-Term DWSRF Goals

1. Complete the transition of DWSRF Program Administration from MDEQ to MDH. At the time of Program inception in the mid-1990s, the Mississippi Department of Environmental Quality (MDEQ) had almost 10 years experience in administering the Clean Water SRF (CWSRF) Program. It was decided that contracting with MDEQ for program administration services was the most prudent and quickest means to establish the program and begin providing benefits to the people of Mississippi. That approach was successful; however, it was ultimately the goal of MDH to administer the entire program in-house, once personnel had been hired and trained. Previously, this was considered a long-term goal, but the transition plan has recently been accelerated at MDEQ's request. MDEQ is anticipating a significant additional workload related to Hurricane Katrina recovery projects funded through the Mississippi Development Authority (MDA). Therefore, accelerating the DWSRF transition to MDH is logical and appropriate, in that it will immediately reduce, and ultimately eliminate, MDEQ's DWSRF-related workload, thus, reducing their need for additional staff to manage the new MDA-related workload. Initial training of new MDH DWSRF staff is targeted for completion by the beginning of the 2nd quarter of FY-2007. Throughout the accelerated transition, MDEQ will remain available under the existing contract to assist as needed in ensuring the loan program activities continue with minimal disruption.

2. Continue to refine and improve the DWSIRLF Loan Program make the loan program more attractive to the public water systems based on input received from "one on one" visits with engineering firms, meeting and conference appearances, and general feedback obtained loan recipients and engineers during the loan process.

3. Continue to assist applicants in addressing capacity assessment deficiencies found during annual inspections through solutions afforded to by the use of the technical assistance set-asides contracts.

4. Complete development of a web based system for tracking DWSIRLF projects and Bureau of Public Water Supply projects that will allow access to consulting engineers, contractors, and loan recipients to check approval/comment status.

5. Maintain reasonable priorities and procedures which will help meet the long term drinking water improvement goals of the Board and the Loan Program by insuring that all available funds are used to the greatest benefit of the citizens of the State of Mississippi.

6. Improve/expand the MDH DWSRF website to make it more informative and useful for loan applicants/recipients and consulting engineers who prefer electronic access to DWSRF information (news, regulations, reports, forms, etc.).

III. Structure of the Mississippi DWSIRLF

The Mississippi DWSIRLF is structured around three separate funds that sustain the program and help it achieve the short-term and long-term goals. The funds break down further to specific accounts for specific functions

A. DWSIRLF Loan/Operations Fund

This fund operates a majority of the functions of the Loan Program. These functions include: administration of the program, set aside operations, and most importantly supplying low interest loans to public water systems for eligible projects. The Loan Program is a reimbursement program. After the loan is awarded, costs associated with the planning design, and the construction of a project are reimbursed to the recipient. This fund contains the federal grants, loan repayments, and interest earnings.

i. Types of Eligible Projects:
There a many types of projects that are eligible for funding under the loan program. For a more detailed explanation of eligible costs for projects please reference Appendix A of the DWSIRLF Regulations.

ii. DWSIRLF Set-aside Accounts:

The set aside accounts reside under the umbrella of Loan/Operations Fund. There are separate accounts for each set-asides. The set asides provide the following:

1. Administrative Account: For the purpose of administering the loan program and non-project related activities.
2. Small System Technical Assistance: For the purpose of providing technical assistance to small water systems through the *Community Resources Group* (CRG), Mississippi State University – Extension Service (MSU-ES) and the *Mississippi Rural Water Association* (MsRWA)
3. State Program Management: For the purpose of providing additional financial support to MDH – Bureau of Public Water Supply for Public Water System Supervision program support.

B. DWSIRLF State Match Funds

This is maintained separately from the DWSRF Loan/Operations Fund, because its primary purpose is to account for state match money. As required by SDWA, the State of Mississippi must match the capitalization grant with State funds equaling 20% of the federal allotment. Mississippi receives its 20% state match from the sale of General Obligation Bonds authorized by the State Legislature and sold by the Mississippi State Bond Commission. Though maintained separately for accounting purposes, the state match fund is still considered to be under the "umbrella" or rather the protection of the SRF Fund.

C. DWSELF Loan Fund

This fund contains monies that are to be utilized only for public water supply loans which meet the definition of emergency. For further information see Appendix J.

IV. Financial Status of the DWSIRLF

This section outlines all sources of funding available to the DWSIRLF program and indicates intended uses. This section also describes the financial assistance terms available through the program.

A. Source and Use of Funds

Funding amounts and their use are outlined in appendix A. For FY-2007 the federal allotment and required state match will provide a total of $6,912,360 in loans to the public water supplies of Mississippi, with $1,316,640 being utilized for set-aside activities. Unobligated funds from the previous year, anticipated loan repayments, and interest earnings are additional sources of funding, which are not classified as state match.

i. Federal Allotment
The capitalization grant is estimated to be $8,229,000 based on the FY-2007 appropriation.

ii. State Match Requirements

The State receives its 20% state match from the sale of General Obligation Bonds authorized by the State Legislature. The Legislature passed House Bill No. 209 to establish a Local Governments and Rural Water Systems Improvements Revolving Loan Program and authorized the sale of $15,000,000 in General Obligation Bonds to be deposited into the Loan Fund. One of the purposes stated in the law for these funds is that, "All or any portion of the monies in the fund may be used to match any federal funds that are available for the same or related purposes for which funds are used and expended under this act." $10,000,000 of these General Obligation bonds were sold in May of 1997 and were deposited into the DWSIRLF fund on May 29, 1997. $5,000,000 of these General Obligation bonds were sold and deposited into the DWSIRLF fund on October 5, 2000.

- $3,294,840 was used as state match for the FY-97 Cap grant,
- $1,654,340 was used as match for the FY-98 Cap grant,
- $1,733,900 was used as match for the FY-99 Cap grant,
- $1,802,020 was used as match for the FY-2000 Cap grant,
- $1,809,480 was used as match for the FY-2001 cap grant,
- $1,610,500 was used as match for the FY-2002 cap grant,
- $1,600,820 was used as match for the FY-2003 cap grant,
- $1,494,100 was used as match for $7,470,500 of the FY-2004 cap grant.

During the Spring 2003 Legislative Session, the Legislature provided the Board with an additional $130,000 in bonding authority. Additionally, during the Spring 2004 Legislative Session, the legislature authorized $1,613,000 in general obligation bonds. A total of $1,740,000 was deposited in the SRF Fund during the 1st Quarter of FY-2005.

- $129,776 was used as match for $648,880 of the FY-2004 cap grant
- $36,744 was used as match to finished the remaining FY-2004 cap grant
- $1,573,480 was used as match for $7,867,400 of the FY-2005 cap grant.

During the 2006 Regular Legislative Session, the legislature authorized general obligation bonds in the amount of $4,003,000, which should be sold and deposited in the SRF Fund during the 1st Quarter of FY-2007.

- $83,620 will be used to match the remaining $418,100 of the FY-2005 cap grant.
- $1,645,860 will be used to match the FY-2006 cap grant.
- $1,645,800 will be used to match the FY-2007 cap grant.
- The remaining $706,210 funds will be used to match future capitalization grants.

iii. Loan Increase Reserve

Beginning in FY-03 the Board began to make loan awards after approval of the facilities plans and loan application rather than after completion of design. This change in the loan award sequence increases the likelihood that bid overruns on some projects may be greater than the construction contingency included in the loan agreement. In order to provide needed loan increases to existing loans, the Board intends to set aside the amounts indicated in Appendix A for such loan

increases to be awarded on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards to the highest ranking project(s) that is ready for loan award at the time funds become available.

B. Financial Planning Process

In accordance with the Board's desire to maintain a financially sound DWSIRLF loan fund in perpetuity, while at the same time meeting a substantial portion of the drinking water needs in the State within a reasonable period of time, the following financial decisions were made regarding the fund.

i. Efficient Bond Management
The Board intends that the Department of Health apply for the entire State allotment under the federal Drinking Water SRF, including the set-asides described in Section V. below. The Board has decided that any bond proceeds be deposited into the DWSIRLF fund to be "banked" as State Match for federal DWSRF capitalization grants, and has made this entire amount immediately available for DWSIRLF loans.

ii. Interest Rate Determination
It is the Board's intention to adjust interest rates such that the demand will eventually equal the funds available. During the preplanning stages of this IUP, the project managers were polled as to a recommended interest rate for the FY-2007 loan year. An average of polled project managers was taken and was compared with the existing market rates to determine reasonability. In order to insure that this interest rate will be at or below the prevailing market rates at the time a loan is made, this rate will be compared to the twenty year triple-A rated, tax-exempt insured revenue bond yield published by The Bond Market Association/ Bloomberg (Bloomberg Online, http://www.bloomberg.com/markets/ rates/index.html).

iii. Investment
Investment Procedures for Excess Cash - According to the State Treasurer, the excess cash in the DWSIRLF is invested by the State Treasurer in securities prescribed in Section 27-105-33, et. Seq., of the Mississippi Code of 1972 Annotated, as amended. The securities in which State funds may be invested include certificates of deposit with qualified State depositories, repurchase agreements (fully secured by direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations), direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations, and any other open-ended or closed-ended management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et.seq, provided that

the portfolio is limited to direct obligations issued by the United States of America, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations and to repurchase agreements fully collateralized by the securities listed above for repurchase agreements.

C. Financial Terms of Loans

The following terms will be utilized for the purpose of making loans to the public water systems within the State of Mississippi.

i. Funding Limit
DWSIRLF loans awarded prior to July, 1, 2007, may not exceed $1,500,000 as established by State law. After July 1, 2007, DWSIRLF loans may be limited at the discretion of the Board based on funds availability or as otherwise stated under state law.

ii. Interest Rate
All loan terms will be at 1.95% annual interest rate, compounded monthly, with a maximum 20-year repayment period. The interest will not accrue during construction, but will commence at the completion of the original construction period.

iii. Administration Fee
Revenues to pay for DWSIRLF program administration cost will be received from an administration fee of 5% of the original eligible loan amount that shall be charged to all FY-2007 loan recipients. This administration fee is an eligible DWSIRLF loan cost and will be included in each loan agreement. Should any loan for a certain project be terminated and later awarded again, the new administration fee will be based upon the current eligible loan amount in the new loan award, allowing credit for any previously paid administration fees. There is approximately $1,600,000 in this program administration fund at this time. The Department expects to receive an additional $511,000 during the current year.

iv. Other Related Issues

1. *Type of Assistance Provided:* The only type of assistance to be provided under the DWSIRLF loan program will be loans to public entities which are authorized under State law to collect, treat, store and distribute piped water for human consumption, and to enter into a DWSIRLF loan agreement, and which have the ability to repay the DWSIRLF loan; for the construction of eligible drinking water production, treatment and distribution facilities.

2. *Project Costs Eligibility:* Eligible/allowable project costs will include those project costs that are eligible, reasonable,

necessary, and allocable to the project, within the established project scope and budget, in conformance with the DWSIRLF regulations and approved by the MDEQ and MDH.

3. *Loan Participation:* DWSIRLF loan participation will be at 100% of eligible project costs, less any funding made available from other agencies for these same eligible project costs.

4. *Pre-Award Costs:* Project costs incurred prior to loan award will be DWSIRLF loan eligible provided:
    a. The debt is for work under a construction contract for which the notice to proceed was issued on or after October 1, 2006, and the DWSIRLF loan is awarded by September 30, 2007.
    b. The project is in compliance with all applicable DWSIRLF program regulations and obtains Department of Health or Department of Environmental Quality approval of all applicable documents prior to award of the DWSIRLF loan.
    c. The prospective loan recipient agrees that by incurring costs prior to loan award, it proceeds at its own risk and relieves the Board, the Department of Health, the Department of Environmental Quality and the Departments' staff of all responsibility and liability should such costs later be determined unallowable for any reason or should such funding not become available for any reason.
    d. The prospective loan recipient agrees that by incurring costs prior to loan award, no future commitment of funding a refinanced project is provided.

5. *Priority List:* The FY-2007 Priority List expires on September 30, 2007. Projects listed in the FY-2007 Priority List that do not receive funding by this date will not be funded under the FY-2007 funding cycle, and will be subject to the requirements of the FY-2008 or subsequent Intended Use Plans and Priority Lists. Project detail information for the FY-2007 DWSIRLF projects is shown in Section VIII of this Intended Use Plan (IUP).

V. Set Aside Activities

The Safe Drinking Water Act allows each state to set-aside up to 31 percent of its federal capitalization grant to support non-project related drinking water programs including: administration of the loan program, technical assistance to public water systems, state program management, and other special activities. The State plans to use $1,316,640 of

the federal grant to support these activities along with an additional $822,900 of state money needed for state program management match. These non-project related programs will be operated by the Mississippi Department of Health within the agency itself or through contracts with other agencies or organizations services. Contracts between the Mississippi Department of Health and other agencies or organization will be approved by the Board. Workplans for the taken set asides are included as appendices within this IUP. Workplans provided will detail how funds will be expended. Additionally, progress reports on the progress of the taken set asides will be included in the Annual Report.

A. Administration

The State intends to set aside funds from its FY-2007 Capitalization Grant for DWSIRLF administrative expenses to cover the cost of administering the DWSIRLF program. The Board intends to set aside the maximum 4% for administrative purposes as allowed by the SDWA. The bulk of this set aside will be used to pay salaries and fringe related expenses of program personnel dedicating time to the administration of the DWSIRLF. This set aside will also be used for travel, training and possible equipment needed to successfully operate the program. Costs beyond the total 4% of the set aside will be paid from the funds generated through the 5% administrative fee taken with each loan made.

B. Small System Technical Assistance

The State intends to set aside two (2%) percent of its FY-2007 Capitalization Grant to provide technical assistance to public water systems serving under 10,000 population. With approval by the Board, the State intends to use this two (2%) percent set-aside to fund contracts for the following activities: Special Assistance to Referred Systems; Management Training for Water System Officials; On-Site Technical Assistance; and Hands-on Operator Training. Each of these activities are described in detail in the State of Mississippi Small Systems Technical Assistance Set-Aside Work Plan included as Appendix F to this Intended Use Plan.

C. State Program Management

The State intends to take the full 10% set aside for State Program Management from the State's FY-2007 Capitalization Grant as authorized by Section 1452(g)(2) of the Safe Drinking Water Act of 1996 to be used for Public Water System Supervision (PWSS) activities conducted under Section 1443(a) of the act. These activities are described in more detail in the State of Mississippi State Program Management Set Aside Annual Work Plan included as Appendix G to this Intended Use Plan. The State must provide a dollar for dollar match (100% match) for Capitalization Grant funds used for these activities. This match is separate, and in addition to, the twenty (20%) percent State match required for the Capitalization Grant. The State is allowed to offset the 100% match requirement by claiming credit for State FY-2007 PWSS expenditures that exceed the State's FY-2007 PWSS match requirement. The State is further allowed to use State FY-93 PWSS expenditures to offset the 100% match

requirement as long as this amount does not exceed the amount that can be claimed from FY-2007 State expenditures. A tabulation showing amount and source of funds to satisfy match requirements for the FY-2007 State Program Management set aside is furnished as Appendix H to this Intended Use Plan.

D. Local Assistance and Other State Programs

No new funds will be taken in the FY-2007 Capitalization grant for this set aside.

VI. Priority System

The SDWA provides the state with the flexibility to determine how to best utilize the capitalization grant. Bearing this in mind, the State of Mississippi has particular issues facing its public water systems that are unique to Mississippi. However, the SDWA requirements concerning priority include:

- Addressing the most serious risk to human health
- Necessary to ensure compliance with the requirement of the SDWA
- Assist system most in need, on a per household basis

A. Funding and Ranking Rationale

Projects will be placed on the fundable portion of the Priority List according to both priority ranking and readiness to proceed. The term "ready to proceed" means that all loan application requirements established in the program regulations are met, and all documents necessary for loan award are approved. If a project cannot reasonably be expected to meet the Priority System deadlines, then the project will not be placed on the current year's priority list, but rather will be placed on the planning list. It is the Board's judgment as to whether the project can be ready to proceed. Loans will be awarded for projects within the available funds in the following order: Projects above the funding line on the current year's priority list that have met all Priority System deadlines will be funded when they are ready to proceed.

i. Funding Lists and Bypass Procedure
Should any projects on the FY-2007 Priority List shown above the funding line fail to comply with the deadlines in Section D, the project shall be bypassed and the funds reserved for said project will be released. These released funds will be first be made available to ensure that all projects above the funding line meeting priority system deadlines are funded, and then will be made available to the highest ranking project(s) shown below the funding line that is ready for loan award at the time funds become available. If no projects below the funding line are ready for loan award at the time funds become available, projects shown below the funding line will be funded on a first-come, first-served basis as they become ready for loan award and until the released funds are awarded. This same process will continue as each deadline passes and released funds become available.

ii. Loan Decreases

Any funds recovered from loan decreases during the year will be used: 1) first to fund bid overruns if funds from the loan increase reserve are not sufficient to cover the bid overruns; 2) then to ensure that all projects above the funding line meeting the priority system deadlines are funded (for at least the amount shown on the priority list) and 3) then to fund other loans and/or increases on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards ready to proceed on a first-come, first-served basis.

iii. Match for SPAP Grants

On October 10, 2001, EPA issued policy memorandum DWSRF 02-01 to notify regions and states of a change in policy regarding the use of Drinking Water State Revolving Fund monies for providing local match for SPAP grants. This change in EPA policy will allow the state to use non-federal, non-state match DWSIRLF funds to provide loans that can be used as local match for SPAP grants awarded for drinking water projects.

These non-federal, non-state match DWSIRLF loan funds may be made available to eligible SPAP grant recipients that are on the priority list, for use as local match funds for their SPAP grants, provided the grant is for loan eligible work. Such projects will be funded in accordance with the Priority System and until all non-federal, non-state match monies have been obligated or demand for such funds have been met.

iv. Disadvantaged Communities

The Board does not intend to implement a complete disadvantaged communities program at this time. However, in the wake of the devastation caused by Hurricane Katrina, all prior loan recipients in the lower six (most affected) Mississippi counties were contacted with regard to their ability to continue repayment of their associated loans. This resulted in requests for temporary suspension ("forbearance") of repayment from some of those loan recipients, to allow time for their communities to rebuild. To accommodate those requests, the prior years' DWSIRLF Intended Use Plans were amended (by public notice and public hearing) to allow restructuring of the associated DWSIRLF loan payment schedules. To avoid increasing the associated debt while these communities are rebuilding, interest on the loans will not accrue during the repayment forbearance period. To avoid increasing the respective repayment amounts, amortization of the affected loans will be extended by a period equal to their forbearance period. This will result in a total repayment period of more than 20 years, but not more than 30 years, as allowed by state and federal law for disadvantaged communities. The Board considers those hurricane-affected loan recipients requesting repayment forbearance to be "disadvantaged."

B. Priority System Categories

Project categories are defined below. Projects in Category I will be funded each year

to the extent the Board makes funds available. Projects in Categories II through XI are ranked in priority order. That is, all Category II projects are ranked higher than Category III projects, etc. Ranking is established in like manner through all remaining categories. Adjustments will be made as necessary to comply with small community set aside provisions of the Federal Safe Drinking Water Act and as established by the Board [Section 1542(a)(2) of SDWA]. As stated previously, the order of Categories II - XI is intended to give highest priority to those projects that address the most serious risks to human health. Projects within each category will be ranked as described in Section C.

i. *Category I - Previous Year Certified Projects*
Priority for this category will be given to the previous year Category II projects to the maximum extent practicable. This category of projects includes projects that: (1) were listed immediately below the funding line on the previous year's Priority List within an amount of approximately 25% of that year's total available funds; (2) met all Priority System deadlines in the previous fiscal year: and (3) were not funded because of either a lack of DWSIRLF funds or did not receive an assurance of CDBG, ARC, RUS, or other match funding in the previous fiscal year. Within this category, projects will be ranked according to the current Priority Ranking Criteria.

ii. *Category II - Primary Drinking Water Standards*
Projects to facilitate compliance with Primary Drinking Water Standards. To qualify for this category projects must correct deficiencies resulting in non-compliance with the primary drinking water standards.

iii. *Category III.- One Well*
Projects to provide additional supply to systems that have neither a backup well nor an MDH-approved emergency tie-into another system to ensure safe drinking water, and thereby protecting the health of the existing population.

iv. *Category IV - Pressure Deficiencies*
Projects to correct documented deficiencies that result in existing systems routinely failing to maintain minimum acceptable dynamic pressure. Experience has shown that failure of water systems to maintain minimum acceptable dynamic pressure is the major cause of system contamination in Mississippi. System contamination that results from inadequate water system pressure is considered by the Mississippi State Department of Health to be one of the most serious drinking water related threats to public health in Mississippi.

v. *Category V – Source Water Protection Projects*
Projects to manage potential sources of contaminants/pollutants and/or prevent contaminants/pollutants from reaching sources of drinking water. To be eligible for loan participation potential contaminants/pollutants and source water protection areas must have been identified in the public water systems Source Water Assessment Plan Report (SWAPR) prepared by the Mississippi

Department of Environmental Quality's Groundwater Planning Branch (GPB). If the public water system has not received its SWAPR from the GPB yet, or has documentation that may change its SWAP, it shall provide in the facilities plan suitable documentation of potential sources of contaminants/pollutants that is acceptable to the GPB before the project will be deemed eligible.

The projects will be ranked: first in order of the highest source water classification that would be negatively impacted by source water contaminants; secondly, within each classification in order of the public water systems susceptibility assessment ranking as determined by the SPB; and thirdly, within each susceptibility assessment ranking in order of the highest number of connections served by the public water system. Source water classifications will be ranked in the following order: surface water sources; shallow (generally ≤ 300' in depth) unconfined water wells; shallow (generally ≤ 300' in depth) confined water wells; and deep confined water wells.

vi. *Category VI - System Capacity Expansion To Serve Existing Unserved Residences/Businesses*

Projects to either expand existing system capacity or construct a new drinking water system to ensure safe drinking water (source, treatment and/or distribution) to serve existing residences/businesses in currently unserved areas.

vii. *Category VII - Back-up Water Supply Sources Projects*

Projects to provide additional supply to systems with insufficient back-up water supply sources to ensure safe drinking water, and thereby protect the health of the existing population. As a minimum, a system using ground water should be able to lose any one of the wells supplying the system and still maintain minimum acceptable dynamic pressure throughout the entire system.

viii. *Category VIII - Existing Facilities Upgrades (Meeting Primary Standards)*

Projects to rehabilitate, replace, protect or upgrade deteriorated, worn, aged or obsolete equipment, facilities, etc., to assure continued, dependable operation of water systems where such systems are already meeting Primary Drinking Water Standards.

ix. *Category IX - Secondary Drinking Water Standards Projects*

Projects to provide treatment that brings systems into compliance with Secondary Drinking Water Regulations.

x. *Category X - Consolidation Projects*

Projects to consolidate separate systems into a single system for purposes other than those related to Categories II through IX. Consolidation will also be considered in establishing priority ranking within all categories, as described in the Priority Ranking Criteria in Section C.

xi. *Category XI – Other*

Projects that do not meet the criteria of any other listed category, and have been determined loan eligible in accordance with the DWSIRLF loan program regulations.

C. Priority Ranking Criteria

The criteria for ranking projects within each category is intended to give priority to projects that: (1) benefit the most people per dollar expended; (2) assist systems most in need on a per household affordability basis as required by the Safe Drinking Water Act; (3) use consolidation with other systems to correct existing deficiencies and improve management, (4) take into consideration the system's current capacity, (5) encourages participation in short-term and long-term technical assistance programs, and (6) encourages participation in the Drinking Water Needs Survey. These considerations are addressed by the Priority Ranking Criteria in the following manner:

i. *Benefit/Cost*

Benefit/Cost points assigned to each project will be determined using the following formula:

$$\textit{Benefit/Cost Points} = \frac{\textit{Number of benefiting connections}}{\textit{Total eligible cost of improvements (in \$1.0 millions)}}$$

The number of benefiting connections must be included in the facilities plan submitted by the applicant and is defined as the sum of individual connections **currently experiencing deficiencies that will be corrected by the improvement** and includes only existing residences, businesses, and public buildings. Applicants must furnish information (including hydraulic analysis, if necessary) to support their estimate of the number of benefiting connections. The total eligible cost is in millions of dollars (i.e., $800,000 = $0.8 M).

ii. *Affordability Factor*

An affordability factor will be assigned to each project to reflect the relative needs of applicants on a per household basis. The Benefit/Cost points calculated in Section C.i. will be adjusted using the affordability factor in the following formula:

Adjusted Benefit/Cost Points = (Affordability Factor) x (Benefit/Cost Points)

The affordability factor used in the calculation is defined as the ratio of the 2005 median household income for the State of Mississippi ($35,554) to the 2005 median household income for the affected community and will be no less than 1.0 and no greater than 1.5. Median household incomes to be used in the calculations will be those displayed in the publication "The Sourcebook of Zip Code

Demographics", Seventeenth Edition or from the publisher's website at http://www.esribis.com/reports/ziplookup.html. Where the affected community is included in more than one zip code area, an average will be used for the community's median household income.

iii. Consolidation

Any project that includes consolidation (ownership and management) of separate existing systems into a single system will receive consolidation points equal to 0.5 times the Benefit/Cost points assigned to the project. The purpose of assigning consolidation points is to promote reliability, efficiency and economy of scale that can be achieved with larger water systems while discouraging the proliferation of numerous separate small systems with their inherent inefficiencies and limitations. Projects, in any priority category, that do not include consolidation will receive zero consolidation points in the final calculation of total priority points.

Consolidation Points = 0.5 x (Benefit/Cost Points)

iv. System Capacity

Any project that includes scope of work to address critical design capacity issues (systems that are currently overloaded or within two (2) years of reaching their current design capacity, as determined by MDH) will receive additional priority points equal to 25% of the Benefit/Cost points assigned to the project. Documentation of the system capacity analysis and recommendations to address the design capacity issues must be addressed in the facilities plan to be eligible for these additional priority points.

System Capacity Points = 0.25 x (Benefit/Cost Points)

v. *Participation in Short-Term & Long-Term Assistance Programs*

The State with the Board's approval has contracted with Community Resources Group (CRG) to provide both short-term and long-term assistance to designated water systems in the state based on their scores on the latest Capacity Assessment Form (CAF). This assistance is provided at no cost to the water systems.

Participation by the water systems in these assistance programs is voluntary. However, any water system that has participated in either of these assistance programs within the past two years will be eligible to receive additional priority points. Water systems participating in one of these assistance programs will receive additional priority points equal to 5% of their Benefit/Cost Points. Water systems that have implemented all of the recommendations made by CRG will receive additional priority points equal to 5% of their Benefit/Cost Points for a total of 10%. Documentation of participation in either of these assistance programs and implementation of the recommendations made by CRG must be included in the facilities plan before additional priority points will be granted.

*Assistance Points = __*_ x Benefit/Costs Points*

* *5% if the water system participates in the assistance, or 10% if the water system participates in the assistance and implements all recommendations*

vi. *Participation in the EPA or MDH Drinking Water Needs Survey*
Any water system that participated in the most recent MDH Public Water Supply Improvements Needs Survey or the EPA Drinking Water Needs Survey by satisfactorily completing and returning this form to MDH will be eligible to receive additional priority points equal to 10% of their Benefit/Cost Points.

Needs Survey Points = 0.10 x Benefit/Costs Points

vii. Ranking Within Each Category
Within each category, projects will be ranked in order based on the total points assigned the project using the following formula:

Total Priority Points = Adjusted Benefit/Cost Points + Consolidation Points + System Capacity Points + Assistance Program Points + Needs Survey Points

Projects receiving the most priority points will be given the highest ranking on the Priority List. In cases of ties in the number of priority points, projects with the lowest median household income will receive the highest ranking.

viii. *Small Community Set-Aside*
Following completion of the ranking process, the Priority List will be reviewed to determine if at least 15% of funding for projects above the funding line is for public water systems which regularly serve fewer than 5,000 people, which the Board has defined as a small community for the purposes of this set-aside. If this is not the case, the Priority List will be adjusted by exchanging the lowest ranking projects above the funding line that serve 5,000 or more with the highest ranking projects below the funding line that serve fewer than 5,000, until the 15% requirement is satisfied. Due to the excess amount of funds available, the adjustment will not be necessary.

It is anticipated that approximately 27.9% of all available DWSIRLF funds will be awarded to small communities with populations of 5,000 or less in FY-2007. No small communities were left off the fundable portion of the FY-07 Priority List that met the September 1, 2006 deadline for submitting a complete facilities plan.

Results To Date: Through the first ten years of the DWSIRLF program (FY-97 through FY-06) the program has averaged 25.1% of all available funds being awarded to small communities (population less than 10,000 as defined in the Safe Drinking Water Act). During this same ten-year period, 44.2% of all funds

awarded went to small communities (population less than 10,000). In FY-06 23.3% of all available DWSIRLF funds were awarded to small communities with populations less than 10,000.

D. Priority System Deadlines

i. By October 1, 2006, a complete DWSIRLF facilities plan, prepared in accordance with the DWSIRLF loan program regulations, must be submitted to the Department of Environmental Quality.* A complete DWSIRLF facilities plan includes: all IGR agency comments; proof of publication of advertisement for public hearing; a transcript of the public hearing comments; copies of any comments received from the public; and a summary of how each comment was addressed. The loan applicant should also submit one copy of the facilities plan to the Rural Utilities Service if the loan applicant has existing debt with Rural Utilities Service, along with a request for their approval to incur this additional debt.

Any significant changes made to the facilities plan (i.e., changes in the chosen alternative, location of the facility, cost increases that substantially affect the financial capability of the loan recipient, etc.) after this date will be considered a first submittal of the facilities plan. The loan applicant will then be considered to be in violation of the Priority System deadline and the project will be placed on the planning portion of the priority list, or if the change is made after adoption of the Intended Use Plan, funds reserved for this project may be released and made available to other projects. This deadline also applies to all projects competing for released funds during FY-07 and to be able to qualify for the Previous Year Certified Projects Category in the FY-08 IUP.

ii. By May 1, 2007, a completed DWSIRLF loan application and all associated documents as described in the DWSIRLF regulations must be submitted to the Department of Environmental Quality. Prior to beginning these documents the potential applicant and/or its registered engineer must request and receive a DWSIRLF application and guidance, and should attend a pre-application conference with Department staff as early in the application process as practical. This deadline also applies to all projects competing for released funds during FY-07 and to be able to qualify for the Previous Year Certified Projects Category in the FY-08 IUP.

iii. By August 1, 2007, all approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval. This deadline also applies to all

projects competing for released funds during FY-07 and to be able to qualify for the Previous Year Certified Projects Category in the FY-08 IUP.

* **Due to the current funds availability and demand for FY-2007, all projects submitting a complete or draft facilities plan to date have been included on the fundable portion of the priority list.**

VII. FY-2007 Priority List

FINAL

Fiscal Year - 2007 Mississippi Drinking Water Systems Improvements
Revolving Loan Fund Program Priority List

Category II: Primary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Picayune, City of	Distribution Improvements	39466	1024	967	$520,119	$520,119
North Hinds Water Association	Well and Distribution Improvements	39071	768	10000	$780,596	$1,300,715
Picayune, City of	Well and Distribution Improvements	39466	355	967	$1,500,000	$2,800,715
Picayune, City of	Tank	39466	355	967	$1,500,000	$4,300,715
Picayune, City of	Distribution Improvements	39466	355	967	$1,500,000	$5,800,715
Picayune, City of	Distribution Improvements	39466	355	967	$1,500,000	$7,300,715

Category IV: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Southaven, City of	Distribution Improvements	38671	128	37100	$1,480,500	$8,781,215

Category VI: System Capacity Expansion to Serve Existing Unserved Residences/Businesses

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Hillsdale Water Authority	Distribution	39455	1421	18060	$1,130,302	$9,911,517
Hillsdale Water Authority	Well, Distribution, and Tank	39455	1071	18060	$1,500,000	$11,411,517
Hillsdale Water Authority	Distribution	39455	1071	18060	$1,499,926	$12,911,443
Columbus Light and Water	Previously Unserved Areas	39702	208	30000	$542,934	$13,454,377
West Jackson Co Util Dist	Distribution, Well, & Generator	39566	171	16000	$1,280,265	$14,734,642
West Jackson Co Util Dist	Previously Unserved Areas	39566	148	16000	$1,477,035	$16,211,677

Category VII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Southaven, City of	Elevated Storage Tank	38671	812	37100	$1,477,613	$17,689,290

Category VIII: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Moss Point, City of	Repairing and Repainting Existing Storage Tanks	39563	6301	16000	$1,110,991	$18,800,281
Louin, Town of	Water Tank Rehabilitation	39338	2319	450	$136,868	$18,937,149
Center Ridge Water Association	Water Well	39153	1627	2100	$428,000	$19,365,149

Category IX: Secondary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Hotophia Water Association	Pressure Filter for Iron Removal	38606	2032	2102	$451,500	$19,816,649

FINAL

Fiscal Year - 2008 and After Planning List
Mississippi Drinking Water Systems Improvements Revolving Loan Fund

(Projects included on the Planning List did not meet the October 1, 2006 deadline for submission of a complete facilities plan. These projects have been ranked on the Planning List based on information provided on the Request for Ranking Form. A determination of project eligibility can not be completed until the facilities plan has been submitted and reviewed.)

Category II: Primary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Sunrise Utility Association	New Elevated Storage Tank	39465	3152	5025	FY-2008	$584,482	$584,482
Hub Water Association	Generator, Control Systems, Meter Replacement	39429	2544	3800	FY-2008	$557,813	$1,142,295
Hazlehurst, City of	Wells (3)	39083	2000	4437	FY-2008	$1,485,225	$2,627,520
Raymond, City of	Distribution, Elevated Storage, & Generator Sets (3)	39154	1028	3070	FY-2008	$1,364,511	$3,992,031

Category III: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
New Hope Water Association	Water Well	39119	5253	2874	FY-2008	$217,035	$4,209,066
Days Water Association	Well and Treatment Plant	38651	539	2000	FY-2008	$1,492,050	$5,701,116
Dexter Water Association	Well, Treatment Plant, Elevated Tank, & System Consolidation	39667	459	263	FY-2008	$462,000	$6,163,116

Category IV: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Ridgeland, City of	Well and Elevated Storage Tank	39157	7680	21700	FY-2008	$1,500,000	$7,663,116
Diamondhead Water and Sewer	Water Distribution	39525	4297	7500	FY-2008	$807,030	$8,470,146
Glade Water Works Association	Distribution Rehabilitation and Replacement	39443	2592	4000	FY-2008	$516,510	$8,986,656
Progress Community Water Assoc.	Elevated Tank and Distribution	39475	1734	5700	FY-2008	$1,095,806	$10,082,462
Southwest Jones Water Association	Well, Elevated Tank, & Distribution Lines	39459	1276	6405	FY-2008	$1,941,451	$12,023,913

Diamondhead Water and Sewer	Water Distribution	39525	1119	7500	FY-2008	$410,130	$12,434,043
Oak Hill Water Association	Elevated Tank and Distribution	38863	965	4000	FY-2008	$1,410,000	$13,844,043
Langford Water Association	Elevated Storage, Well, Distribution, Generator, & Tank Rehab	39047	940	4050	FY-2008	$1,435,850	$15,279,893
Culkin Water District	Replacing Undersize Waterlines	39183	122	10438	FY-2008	$1,500,000	$16,779,893

Category VI: System Capacity Expansion to Serve Existing Unserved Residences/Businesses

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Gautier, City of	Well and Elevated Tank	39553	6947	18850	FY-2008	$1,492,365	$18,272,258
Wheeler-Frankstown Water Assn	Supply, Storage, Treatment	38880	1760	4500	FY-2008	$1,003,315	$19,275,573
Monterey Water Association	Well and Elevated Tank	39073	965	3600	FY-2008	$1,050,000	$20,325,573
Biloxi, City of	Distribution Improvements	39530	96	50000	FY-2008	$2,494,800	$22,820,373

Category VII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Diamondhead Water and Sewer	New Water Well	39525	5242	7500	FY-2008	$661,500	$23,481,873
Diamondhead Water and Sewer	Elevated Storage and Pumping Station	39525	2400	7500	FY-2008	$1,445,300	$24,927,173
Southaven, City of	1.0 MG Elevated Storage Tank	38671	812	38400	FY-2008	$1,477,613	$26,404,786
Diamondhead Water and Sewer	New Water Well	39525	693	7500	FY-2008	$661,500	$27,066,286
Southaven, City of	Distribution Improvements	38671	419	38400	FY-2008	$840,431	$27,906,717
Southaven, City of	Distribution Improvements	38671	235	38400	FY-2008	$1,499,971	$29,406,688

Category VIII: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Meridian, City of	SCADA System	39525	19204	45000	FY-2008	$992,250	$30,398,938
Meridian, City of	Sludge Removal System	39525	14402	45000	FY-2008	$1,323,000	$31,721,938
Pearl, City of	Water Well	39288	14238	22000	FY-2008	$632,100	$32,354,038
Pearl, City of	Elevated Storage	39288	6000	22000	FY-2008	$1,500,000	$33,854,038

DeKalb, Town of	Rehabiliation of Elevated Tank	39328	4285	972	FY-2008	$189,000	$34,043,038
Vicksburg, City of	Repair & Upgrade Filters, Recarbination Basins, & Softening Units	39180	2088	28000	FY-2008	$4,687,200	$38,730,238
Bunker Hill Water Association	Distribution Improvements	39429	1412	1520	FY-2008	$525,000	$39,255,238
Hattiesburg-Laurel Regional Airport	Tank Repainting	39459	193	250	FY-2008	$94,191	$39,349,429
Morton, City of	Distribution Improvements	39117	161	3482	FY-2008	$867,473	$40,216,902

VIII. FY-2007 Detailed Project List with Additional Information

			Project Schedule			Project Assistance					Technical Information		
Project Listing	No.	Population of Service Area	BCD*	CSD*	CCD*	Assist. Type	Assistance Amount	Interest Rate	Repay Period	Repay Date	Initial Category +#	Project Priority Ranking	Cross-Cutter Equivalency Project
Picayune, City of	FY-2007-1	967	1/1/2007	6/1/2007	6/1/2008	Loan	$520,119	1.95%	20 years	9/1/2008	2	1024	Yes
North Hinds W/A	FY-2007-2	10000	1/15/2007	3/15/2007	2/15/2008	Loan	$780,596	1.95%	20 years	5/15/2008	2	768	Yes
Picayune, City of	FY-2007-3	967	1/1/2007	6/1/2007	6/1/2008	Loan	$1,500,000	1.95%	20 years	9/1/2008	2	355	Yes
Picayune, City of	FY-2007-4	967	1/1/2007	6/1/2007	6/1/2008	Loan	$1,500,000	1.95%	20 years	9/1/2008	2	355	Yes
Picayune, City of	FY-2007-5	967	1/1/2007	6/1/2007	6/1/2008	Loan	$1,500,000	1.95%	20 years	9/1/2008	2	355	Yes
Picayune, City of	FY-2007-6	967	1/1/2007	6/1/2007	6/1/2008	Loan	$1,500,000	1.95%	20 years	9/1/2008	2	355	Yes
Southaven, City of	FY-2007-7	37100	1/1/2007	4/1/2007	9/28/2007	Loan	$1,480,500	1.95%	20 years	1/1/2008	4	128	Yes
Hillsdale Water Auth.	FY-2007-8	18060	9/30/2007	4/1/2008	4/1/2009	Loan	$1,130,302	1.95%	20 years	7/1/2009	6	1421	Yes
Hillsdale Water Auth.	FY-2007-9	18060	9/30/2007	4/1/2008	4/1/2009	Loan	$1,499,926	1.95%	20 years	7/1/2009	6	1071	Yes
Hillsdale Water Auth.	FY-2007-10	18060	9/30/2007	4/1/2008	4/1/2009	Loan	$1,500,000	1.95%	20 years	7/1/2009	6	1071	Yes
Columbus Light and Water	FY-2007-11	30000	9/30/2007	12/30/2007	12/30/2008	Loan	$542,934	1.95%	20 years	3/30/2009	6	208	Yes
West Jackson Co Util Dist	FY-2007-12	16000	1/7/2007	4/1/2007	4/1/2008	Loan	$1,280,265	1.95%	20 years	7/1/2008	6	171	Yes
West Jackson Co Util Dist	FY-2007-13	16000	1/1/2007	4/1/2007	3/26/2008	Loan	$1,477,035	1.95%	20 years	6/23/2008	6	148	Yes
Southaven, City of	FY-2007-14	37100	1/1/2007	4/1/2007	5/5/2008	Loan	$1,477,613	1.95%	20 years	1/1/2008	7	812	Yes
Moss Point, City of	FY-2007-15	16000	9/30/2007	12/1/2007	5/1/2008	Loan	$1,110,991	1.95%	20 years	8/1/2008	8	6301	Yes
Louin, Town of	FY-2007-16	450	10/1/2006	12/1/2006	3/31/2007	Loan	$136,868	1.95%	20 years	7/1/2007	8	2319	Yes
Center Ridge W/A	FY-2007-17	2100	1/15/2007	3/15/2007	2/15/2008	Loan	$428,000	1.95%	20 years	5/15/2008	8	1627	Yes
Hotophia W/A	FY-2007-18	2102	1/1/2007	3/1/2007	5/30/2007	Loan	$451,500	1.95%	20 years	8/30/2007	9	2032	Yes
Small Sys. Tech. Assist.	FY-2007-19	N/A	N/A	N/A	N/A	Grant	$164,580	N/A	N/A	N/A	12	N/A	N/A
State Prog. Mgmnt	FY-2007-20	N/A	N/A	N/A	N/A	Grant	$822,900	N/A	N/A	N/A	12	N/A	N/A
Admin. Prog.	FY-2007-21	N/A	N/A	N/A	N/A	Grant	$329,160	N/A	N/A	N/A	12	N/A	N/A
				Grand Total			$21,133,289						

- All of the above loan projects will require an environmental review in accordance with the State DWSIRLF regulation.
- These loan amounts include a 5% administrative fee charged to all FY-2007 loan recipients.

+ Project categories are defined in the Priority System on page 12 of this Intended Use Plan. Category 12 is just for set aside purposes and is not considered a -project category

* BCD = Binding Commitment Date CSD = Construction Start Date CCD = Construction Completion Date

The funds for these grant were set-aside from the FY-06 Capitalization grant before funds were made available for new loan awards.

IX. Expected Public Health Outcomes & Performance Measures

The objective of this program is to disperse all loan and grant funds available in a timely manner in order to achieve the public health protection benefits resulting from the projects identified in the FY-07 Intended Use Plan, and to ensure compliance with loan agreements, as required by state and federal laws and regulations.

By implementing this FY-07 Intended Use Plan and funding projects shown on the FY-07 Priority List (Section IV) the Local Governments and Rural Water Systems Improvements Board (Board) will have the means to plan for and fund projects that will address the most serious public health risks facing the public water supply systems in the state. The public health protection outcomes of funding these projects will be: one (1) project to allow a system to come into compliance with primary drinking water standards; funding of six (6) projects to allow systems to serve areas that have been previously unserved or individual private wells are no longer operable; the funding of two (2) projects to rehabilitate, replace or upgrade deteriorated, worn, aged or obsolete equipment, facilities to assure continued, dependable operation of these water systems in order to protect human health; and one (1) project to allow a system to maintain compliance with a secondary drinking water standard . The success of Drinking Water Improvements SRF Loan Program will be defined by the ability of the MDH to successfully meet commitments in the FY-07 DWSRF Work Plan.

(Blank)

Appendices

(Blank)

A. State of Mississippi DWSRF Program FY-2007 Assumed Available Funds
Draft Amendment #1

The following breakdown of funds is based on an estimated actual appropriation of $837,494,900 after applying the 0.476% and a 1% rescission and that the National Set-Aside Assumptions will remain the same and a State Allotment formula of 1.0% for the Drinking Water SRF in Federal FY-2007.

FY-2007 National Title I DWSRF Appropriation	$	**837,495,000**
Mississippi Allotment [section 1452(m)]*	$	**8,229,000**
FY-07 State Match Required (20% of Mississippi Allotment)	$	1,645,800
Bond Proceeds Available for State Match [1]	$	**1,645,800**
Federal Funds Captured based on Available Match	$+	8,229,000
Total FY-07 Federal and State Funds Available	$	9,874,800
Set-Asides		
DWSRF Administrative Expenses [section 1452(g)(2) - 4%]	$	329,160
State Program Management [section 1452(g)(2)]	$+	822,900
Small Systems Technical Assistance [section 1452(g)(2) - 2%]	$+	164,580
Total Set-Asides	$	**1,316,640**
Total FY-07 Federal and State Funds Available	$	9,874,800
Total Set-Asides	$--	-1,316,640
Total FY-07 Federal and State Funds Available for Loan Obligation		**8,558,160**
Total FY-07 Federal and State Funds Available for Loan Obligation	$+	**8,558,160**
Additional Bond Proceeds Available to Match Future Cap Grants[1]	$+	706,210
Unobligated Funds Carried Over from FY-06 [2] (Less $2,270,820 Bond Proceeds)	$+	14,040,082
Anticipated Loan Repayments Deposited (10/01/06 - 07/31/07)	$+	4,600,000
Anticipated Interest on Fund Deposited (10/01/06 - 7/31/07)	$+	800,000
Anticipated Hurricane Impact towards Repayments (10/1/06 - 7/31/07)	$-	-688,734
Loan Increase Reserve [3]	$--	-1,000,000
Total FY-07 Funds Available for New Loan Awards		**27,015,718**
Funds Needed for Projects above the Funding Line and Meeting Deadlines.	$--	-19,816,649
Excess Funds Available for New Projects in FY-07		**7,199,069**

* MDH intends to apply for the entire Cap grant during FY-07. Some of the match funds for this Cap grant are expected to be provided after the end of FY-06, however the State will only obligate those federal funds that can be matched with bond proceeds available during FY-2007. The State will obligate all of the FY-07 Cap grant funds within the eight (8) quarters allowed by federal regulations.

1. See Section IV.A.ii. – State Match Funds on page 7 of this IUP.

2. See page 30.

3. See page 6.

State of Mississippi DWSRF Program
FY-2006 End of Year Funds Report

The following breakdown of funds is based on an actual appropriation of $837,494,900 after applying the 0.476% and a 1% rescission, that the National Set-Aside Assumptions will remain the same, and a State allotment formula of 1.0% for the Drinking Water SRF in federal FY-2006.

FY-2006 National Title I DWSRF Appropriation	$	**822,930,000**
Mississippi Allotment [section 1452(m)]*	$	**8,229,300**
FY-06 State Match Required (20% of Mississippi Allotment)	$	1,645,860
Bond Proceeds Available for State Match [1]	$	**1,645,860**
Federal Funds Captured based on Available Match	$+	8,229,300
Total FY-06 Federal and State Funds Available	$	9,875,160
Set-Asides		
DWSRF Administrative Expenses [section 1452(g)(2) - 4%]	$	329,172
State Program Management [section 1452(g)(2)]	$+	822,930
Small Systems Technical Assistance [section 1452(g)(2) - 2%]	$+	164,586
Total Set-Asides	$	**1,316,688**
Total FY-06 Federal and State Funds Available	$	9,875,160
Total Set-Asides	$--	-1,316,688
Total FY-06 Federal and State Funds Available for Loan Obligation		**8,558,472**
Total FY-06 Federal and State Funds Available for Loan Obligation	$+	**8,558,472**
FY-05 Capitalization Grant Available for Oligation During FY-06	$+	416,600
Bonds Proceeds Available for State Match for FY-05 Cap Grant [1]	$+	83,320
Additional Bond Proceeds	$+	2,270,820
Unobligated Funds Carried Over from FY-05	$+	10,039,763
Loan Repayments Deposited (10/01/05 - 09/30/06)	$+	5,434,026
Interest on Fund Deposited (10/01/05 - 9/30/06)	$+	830,827
Decrease Amendments (10/1/05 - 9/30/06)	$+	1,814,627
Pre-Approved Increase Amendments (Lampton, Corinth, & ACL W/A)	$--	-620,097
Increase Amendments from Increase Reserve (10/1/05 - 7/13/06)	$--	-750,000
Increase Amendments from Deobligated Funds (8/1/06 - 9/30/06)	$	-654
Total FY-06 Funds Available for New Loan Awards		**28,077,704**
Funds Needed for Projects on the FY-06 Priority List and for Projects on the FY-06 Planning List Receiving FY-06 Funds	$--	-11,766,802
Excess Funds Available for New Projects in FY-06		**16,310,902**

* MDH applied for the entire Cap grant during FY-06. All of the match funds for this Cap grant are expected to be provided at the beginning of FY-07, however the Board will only obligate those federal funds that can be matched with bond proceeds available during FY-2006.

1. See Section IV.A.ii. – State Match Funds on page 7 of this IUP. An additional $83,320 of State Match was obtained to capture the remaining $416,600 of the FY-05 Capitalization Grant. During the 2006 Legislative session, the necessary bond

appropriation bill was passed and match funds will be available during the 1st Quarter FY-2007.

B. Projected Schedule of Outlays

I. Projected Schedule for Projects and Grants

Projects	1Q FY-07	2Q FY-07	3Q FY-07	4Q FY-07	1Q FY-08	2Q FY-08	3Q FY-08	4Q FY-08	1Q FY-09	2Q FY-09	3Q FY-09	Totals
Picayune, City of	$0	$51,800	$39,026	$117,080	$117,080	$117,080	$78,053	$0	$0	$0	$0	$520,119
North Hinds Water Association	$0	$152,937	$188,297	$188,297	$188,297	$62,768	$0	$0	$0	$0	$0	$780,596
Picayune, City of	$0	$148,935	$112,588	$337,766	$337,766	$337,766	$225,179	$0	$0	$0	$0	$1,500,000
Picayune, City of	$0	$148,935	$112,588	$337,766	$337,766	$337,766	$225,179	$0	$0	$0	$0	$1,500,000
Picayune, City of	$0	$148,935	$112,588	$337,766	$337,766	$337,766	$225,179	$0	$0	$0	$0	$1,500,000
Picayune, City of	$0	$148,935	$112,588	$337,766	$337,766	$337,766	$225,179	$0	$0	$0	$0	$1,500,000
Southaven, City of	$0	$150,500	$665,000	$665,000	$0	$0	$0	$0	$0	$0	$0	$1,480,500
Hillsdale Water Authority	$0	$0	$0	$88,366	$34,542	$0	$251,849	$251,848	$251,849	$251,848	$0	$1,130,302
Hillsdale Water Authority	$0	$0	$0	$132,915	$57,914	$0	$327,293	$327,293	$327,293	$327,292	$0	$1,500,000
Hillsdale Water Authority	$0	$0	$0	$117,263	$45,838	$0	$334,207	$334,206	$334,206	$334,206	$0	$1,499,926
Columbus Light and Water	$0	$0	$0	$53,754	$0	$122,295	$122,295	$122,295	$122,295	$0	$0	$542,934
West Jackson Co Util Dist	$0	$102,915	$41,950	$0	$283,850	$283,850	$283,850	$283,850	$0	$0	$0	$1,280,265
West Jackson Co Util Dist	$0	$118,685	$48,350	$0	$327,500	$327,500	$327,500	$327,500	$0	$0	$0	$1,477,035
Southaven, City of	$0	$107,613	$316,154	$316,154	$316,153	$316,153	$105,386	$0	$0	$0	$0	$1,477,613
Moss Point, City of	$0	$0	$0	$0	$283,995	$496,198	$330,798	$0	$0	$0	$0	$1,110,991
Louin, Town of	$0	$13,018	$35,838	$88,012	$0	$0	$0	$0	$0	$0	$0	$136,868
Center Ridge Water Association	$0	$83,800	$103,260	$103,260	$103,260	$34,420	$0	$0	$0	$0	$0	$428,000
Hotophia Water Association	$0	$0	$0	$0	$0	$51,500	$400,000	$0	$0	$0	$0	$451,500
Total FY-07 Projects	$0	$1,377,008	$1,888,227	$3,221,165	$3,109,493	$3,162,828	$3,461,947	$1,646,992	$1,035,643	$913,346	$0	$19,816,649
FY-08 Projects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total All Projects	$0	$1,377,008	$1,888,227	$3,221,165	$3,109,493	$3,162,828	$3,461,947	$1,646,992	$1,035,643	$913,346	$0	$19,816,649
Federal FY-2007 Cap. Grant (34.9%)	$0	$0	$0	$2,601,735	$2,511,537	$1,799,088	$0	$0	$0	$0	$0	$6,912,360
State Match FY-2007 (8.3%)	$0	$0	$0	$619,430	$597,956	$428,414	$0	$0	$0	$0	$0	$1,645,800
Other Funding (56.8%)	$0	$1,377,008	$1,888,227	$0	$0	$935,407	$3,461,947	$1,646,992	$1,035,643	$913,265	$0	$11,258,489
Total Funding	$0	$1,377,008	$1,888,227	$3,221,165	$3,109,493	$3,162,828	$3,461,947	$1,646,992	$1,035,643	$913,346	$0	$19,816,649

* Other Funds include DWSIRLF Bond proceeds, DWSIRLF Loan Repayments, and money recovered from loan amendments

II. Projected Schedule of Outlays for Set Asides

Federal	4Q FY-07	1Q FY-08	2Q FY-08	3Q FY-08	4Q FY-08	1Q FY-09	2Q FY-09	Totals
Small Tech Assistance	$0	$41,145	$41,145	$41,145	$41,145	$0	$0	$164,580
State Program Mgt.	$0	$205,725	$205,725	$205,725	$205,725	$0	$0	$822,900
Administrative Program	$0	$82,290	$82,290	$82,290	$82,290	$0	$0	$329,160
Total Set-Asides	$0	$329,160	$329,160	$329,160	$329,160	$0	$0	$1,316,640

C. Projected Payment (Federal Letter of Credit) Schedule (Schedule of Increases to ACH Ceiling)

Payment (LOC) Number	Payment (LOC) Date	Payment (LOC) Amount	Cumulative (LOC) Amount
FY-2007 No. 1 of 4	4th Quarter FY-2007	$ 2,800,000	$ 2,800,000
FY-2007 No. 2 of 4	1st Quarter FY-2008	$ 3,000,000	$ 5,800,000
FY-2007 No. 3 of 4	2nd Quarter FY-2008	$ 2,400,000	$ 8,200,000
FY-2007 No. 4 of 4	3rd Quarter FY-2007	$ 29,000	$ 8,229,000

D. Projected Schedule of Drawdowns Against Federal Letter of Credit (ACH Draw Schedule)

Outlay Quarter	Federal Outlay Amount	Cumulative Outlay Amount
4Q FY-2007	$ 2,650,000	$ 2,650,000
1Q FY-2008	$ 2,850,000	$ 5,500,000
2Q FY-2008	$ 2,150,000	$ 7,650,000
3Q FY-2008	$ 340,000	$ 7,990,000
4Q FY-2008	$ 239,000	$ 8,229,000

E. Mississippi Small Systems Technical Assistance Set-Aside Workplan

INTRODUCTION

The Mississippi Department of Health, Bureau of Public Water Supply proposes to use the Small Systems Technical Assistance Set-aside of the Drinking Water State Revolving Loan Fund in an assistance and training program directed at improving the technical, managerial, and financial capabilities of small community public water systems (systems) in the state. The goal of this program is to assure that assistance is provided to all small community public water systems that require such assistance to maintain adequate technical, financial, and managerial capabilities necessary to comply with requirements of the Safe Drinking Water Act.

SELECTION PROCESS

A request for proposals (RFP) was published in the legal section of *The Clarion-Ledger* on May 2nd and 9th, 2007 with a submittal deadline of 3:00 p.m. on May 25, 2007. Those responding to the RFP were mailed an information packet the day the request was received. The proposals received from the potential contractors were evaluated by the Department and then presented to the Board on June 4, 2007. All of the contracts described below are for a one-year period with the exception of Management Training for Water System Officials contract which is set for a two-year period. The contracts were awarded to three different contractors with work beginning on all contracts July 1, 2007. Community Resources Group (CRG) was awarded the Small Systems Technical Assistance contract (long term and intermediate technical assistance), and the Mississippi Rural Water Association was awarded the specialized Hands-On Operator Training. Mississippi State University Extension Service will continue to conduct the Management Training for Water System Officials through June 30th of 2008.

PROGRAM ACTIVITIES

The technical assistance program consists of four major categories (see below) of activities that will be accomplished through contracts with qualified organizations that are experienced in providing the type of support required by each activity. These categories may be updated and/or revised as a result of work plan reviews that will be conducted annually during the life of the program. Amendments will be submitted whenever activities or budgets change and when required to extend the term of the work plan.

1. **Long term technical assistance -** This assistance is comprehensive in nature and is provided to an equivalent of eighteen (18) small public water systems annually. At a minimum, the contractor will provide comprehensive assistance to at least nine (9) public water systems per contract year. The Mississippi Department of Health (MDH) will provide a list of systems that are to receive this assistance to the contractor at the beginning of each contract year. Within 30 days of the start date for that contract year, the contractor will identify with the help of MDH which 9 systems are to receive comprehensive technical assistance, complete an initial assessment of the needs of each of the 9 systems, and develop a work plan for each water system. The contractor shall submit the assessment and work plan for each system to MDH for approval prior to beginning to provide technical assistance. MDH shall use its

latest report of Capacity Ratings of Public Water Systems, along with the recommendations of MDH staff and the contractor, to identify those public water systems that are to receive this assistance.

Activity Objective - provide long-term on-site comprehensive technical assistance to resolve problems identified by contractor. 9 systems will be chosen from a prepared list.

Reporting/Evaluation - written progress reports using a format approved by MDH will be furnished monthly to MDH and members of the Board by the contractor. The reports shall identify progress made on the work plan developed for each system. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

2. **Intermediate technical assistance -** This assistance is selective in nature and consists of 1 or more additional contact or non-contact hours for public water systems previously receiving short-term assistance or systems not requiring comprehensive long-term assistance. Selection of systems will be based on the list supplied by MDH for the remaining public water systems from the initially prepared list. Intermediate technical assistance projects will be counted toward the minimum eighteen (18) required comprehensive projects at a ratio of 2:1 (two intermediate projects will be the equivalent of one comprehensive project).

Activity Objective - provide intermediate on-site technical assistance to selected systems covering the subject(s) determined by the contractor to be most needed.

Reporting/Evaluation - written progress reports using a format approved by MDH will be furnished monthly to MDH and members of the Board by the contractor. The reports shall identify the assistance provided to each system. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

3. **Hands-On Operator Training** - The Contractor will provide practical, applied, "hands-on" training for public water system operators in the State of Mississippi. MDH defines hands-on operator training for the purposes of this contract as training that provides functional instruction in the necessary skills and knowledge to be able to better fulfill the job requirements of a drinking water system operator. The hands-on training will include a comprehensive approach (lecture plus physical, hands-on sessions with equipment) for all operators attending the training. Trainings are to include equipment/props pertinent to the training topic(s) as a part of the training discussion.

Activity Objectives - Provide a minimum of twelve (12) hands-on operator training sessions with in the year.

Reporting/Evaluation - written quarterly reports using a format approved by MDH on Hands-On Operator Training. The reports shall include but are not limited to: a) details of sessions conducted; b) number of attendees and their comments; c) related problems that occurred during or as a result of a training session and any solution(s); d) an itemized list of the costs incurred by the training organization; and e) other related items. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

4. **Management Training for Water System Officials** - Section 41-26-101 of the Mississippi Code of 1972, Annotated, states "Each member elected or reelected after June 30, 1998, to serve on a governing board of any community public water system, except systems operated by municipalities with a population greater than ten thousand (10,000), shall attend a minimum of eight (8) hours of management training within two (2) years following the election of that board member. If a board member has undergone training and is reelected to the board, that board member shall not be required to attend training. The management training shall be organized by the State Department of Health. The management training shall include information on water system management and financing, rate setting and structures, operations and maintenance, applicable laws and regulations, ethics, the duties and responsibilities of the association and other organizations. The department shall develop and provide all training materials. To avoid board members having to interfere with their jobs or employment, management training sessions may be divided into segments and, to the greatest extent possible, shall be scheduled for evening sessions. The department shall conduct management training on a regional basis." The contractor shall: serve as the coordinator for MDH in regards to all activities related to the implementation of the training program in the state; randomly attend training sessions to ensure the established curriculum is being followed and that the curriculum is relevant and effective; manage the board member training curriculum review committee; continue to update the established computerized database to accurately track the most current status of each board member attending the program; and other related duties.

Activity Objective - manage those activities related to the effective training of the members of the governing boards of small community public water systems.

Reporting/Evaluation - Randomly attend at least 2 sessions/contract year/training organization unannounced and furnish both MDH and the Board members a written report within 7 days of attendance in order to prepare a report to MDH and the Board members including the following information: review of presentation by trainer(s); any needed remedial action; attendee comments; attendance roster; and other related items. Written and oral quarterly reports shall be furnished to MDH and the Board members that include: attendee evaluation of the trainers and training material; contractor evaluation of trainer(s); attendee comments; attendance rosters; needed remedial action; curriculum review committee meetings; itemized costs of training organization(s). Monthly reports containing the above information shall be submitted to MDH along with the invoices for work performed under the contract. MDH, affected board members, and affected entities shall be provided with periodic reports listing those board members who have not completed the board member training and the time remaining for completion of the training.

AGENCY RESPONSIBILITIES

The Mississippi Department of Health will conduct Small Systems Technical Assistance Set-aside activities through Board approved contracts with providers who will be selected following procedures of the State of Mississippi Personal Services Contract Procurement Regulations. All providers will report to and be responsible to the MDH for all contract activities. No additional FTE requirement is anticipated for state agencies to implement the provisions of this set-aside.

F. Mississippi State Program Management Set Aside Annual Workplan
Section 1452(g)(2)
Safe Drinking Water Act Amendments of 1996

PUBLIC WATER SYSTEM MANAGEMENT PROGRAM

BACKGROUND

On May 11, 2007, a legal notice will be published to request public comments on the Draft FY-07 Intended Use Plan (IUP) that will set aside $826,938 of the State's FY-07 DWSRF capitalization grant for State Program Management activities to support the Mississippi Department of Health, FY-07 Public Water Systems Supervision Program (FY-07 PWSS Program) as allowed under Section 1452(g)(2) of the Safe Drinking Water Act Amendments of 1996. After a public comment period a public hearing will be held on June 14, 2007, to receive and consider comments from the public on the draft IUP. After resolution of any comments from the public, the final FY-07 IUP will be presented to the Board for adoption during the next scheduled board meeting. The Final IUP will be effective thirty day after that board meeting.

This work plan describes how FY-07 DWSRF State Program Management set aside funds will be expended to support the FY-08 PWSS Program.

FUNDING AMOUNT

The State reserves $826,938 of its FY-07 Drinking Water State Revolving Fund capitalization grant to be set aside for State Program Management activities to support the FY-08 PWSS Program. The reserved amount represents 10% of the State's expected FY-07 capitalization grant and is specified for expenditure during FY-08.

Cost Breakdown	
Administrative/Staffing	$473,132
Fringe Benefits	$146,671
Capacity Assessment Processing Costs	$ 5,000
Contractual Agreements	$ 71,037
Indirect Costs	$127,060
Total Funding Amount	**$822,900**

NUMBER OF FTE's PROJECTED FOR IMPLEMENTING THIS SET ASIDE

The State projects forty-four (44) FTEs will be required to implement the FY-08 PWSS Program. 7.6 of those FTEs will be funded by this set-aside. $619,803 will be reserved from the FY-07 DWSRF Capitalization Grant for salaries and fringe benefits for State Program Management activities.

This amount will fund salary and fringe benefits for the following positions:

Position	Quantity (FTE)
Environmental Engineer IV	**3**
Environmental Engineer III	**2**
Environmental Engineer-In-Training	**1**
Division Director I	**1**
Branch Director I	**0.2**
Deputy Director II	**0.2**
Business Systems Analyst II	**0.2**
Total FTEs	**7.6**

The remaining $208,570 will be used for indirect costs, supplies and possible contractual services for technical assistance needed to accomplish the requirements of the FY-08 PWSS Program.

GOALS, OBJECTIVES, OUTPUT AND DELIVERABLES

One of the set-asides authorized under the 1996 SDWA amendments is the management of the state program, which can be funded by up to 10 % of the federal allotment. These funds will support public water system supervision program activities as required to maintain state primacy and also to support the activities of the DWSIRLF. MDH FY-07 Work Plan outlines in detail the aspects of the PWSS that are supported by this set-aside. Items covered by the set-aside include: (1) State Primacy Requirements, (2) Non-Primacy Requirements, and (3) Auxiliary Services.

Primacy Requirements

As required to maintain state primacy, MDH maintains the public water system supervision programs on an ongoing or as needed basis. These programs include: revising current primacy programs by adopting new Federal regulations as needed; coordinating for Mid-Year and End of Year review with EPA Regional Office; maintaining a sanitary survey program with discrepancy follow-up; participating in state data verification audits; ensuring PWSs are utilizing approved laboratories and a certification program for those laboratories is in place; participating in the EPA Regional oversight; operating in accordance with requirements of the National Primary Drinking Water Regulations; maintaining an active water system design and construction plan and specification review program; ensuring labs used by PWSs within the state are capable of the workload created by regulations; participating in PWS and PWSS training on rule requirements; informing Region 4 on any special state initiatives under the rules or Provisions of the SDWA; maintaining records for all rule/policies, enforce reporting and record keeping as required; maintaining appropriate administrative penalty authority; implementing the PWS definition; attending state/EPA planning and implementation meetings; ensuring that newly permitted public water systems have design/construction capable of compliance with the present and upcoming SDWA regulations; ensuring analytical methods are being applied to demonstrate compliance with the regulations; notify (if necessary) EPA of intent not to adopt to implement

any portion of the rules; and responding to EPA requests for information or verification of state rules implementation.

Additionally, MDH will provide annual summaries of the status of: each effective variance and exemption to EPA; community PWSs that are allowed to monitor less frequently than monthly; and non-community PWSs that are allowed to monitor less frequently than quarterly to EPA. MDH will also oversee and enforce requirements for rules and regulations adopted with approved federal primacy. These regulations include the SDWA and all applicable rules present and future, primacy packages, and extension agreements of the SDWA.

Non-primacy Requirements

In addition to the requirements of the public water system supervision program, monies from this set-aside provide support to activities that are of a non-primacy nature. Those are not required to maintain state primacy. However, to run a highly effective, efficient program and most importantly protect the public health, these activities are vital.

Capacity Development (CD) Program

As required by the SDWA, each state is required to develop and implement a Public Water System Capacity Development Program in order to receive full funding annually under the DWSRF Program. Public water system capacity assessment is a full evaluation of the technical, managerial, and financial ability to provide safe drinking water to its customers by complying with all state and Federal regulations. In accordance with the Federal requirements, MDH has developed and implemented a CD program for both new and existing public water systems. The MDH capacity development program takes the form of a rating that each community water system (CWS) and non-transient non-community water system (NTNCWS) receives at their annual sanitary survey. The criteria used in the rating system incorporates laws, regulations, and other valuable information to evaluate the areas of technical, managerial, and financial capacity. The program is also designed to evolve from year to year through an annual meeting of an advisory committee that will make suggestions as to possible changes and/or additions to the rating criteria. As required by regulation, an annual report is made to the Governor on the efficacy of the strategy and progress towards improving the capacity of public water systems in the state. Additionally, annual documentation of ongoing implementation of the CD strategy is to be provided with SRF grant application.

Unregulated Contaminant Monitoring Rule

This particular aspect of the PWSS involves informing systems greater than 10,000 population and systems less than 10,000 population in the state monitoring plan of their responsibilities to monitor for Unregulated Contaminant Monitoring Rule; assisting the EPA in sampling systems in the state monitoring plan as determined by the state and EPA in the UCMR Partnership Agreement; adding vulnerable systems to the plan for monitoring UCMR List 3 contaminants based on guidance; review UCMR data from public water systems to ensure that it meets quality assurance and PWS reporting

requirements necessary; informing EPA of potential changes needed in the data and with mutual agreement of the state and EPA make changes to the data; and responding as requested by the EPA for information on verification of state UCMR implementation.

Operator Certification

As dictated by the SDWA and required to maintain full funding for the DWSRLF, operator certification is an essential part of the public water system supervision program. Activities required to maintain the operator certification program include: providing documentation and evaluation of ongoing program implementation for all annual program submittals subsequent to the initial submittal; supply as required certification of changes and documentation of those change that are made to the regulations of statutes; perform internal and external program reviews as required by state law.

Source Water Assessment Program

On an annual basis, MDH reports to EPA on Source Water Assessment Program implementation activities. In FY97, a set-aside for DWSRLF allowed MDH to subcontract to the Mississippi Department of Environmental Quality to perform the source water assessment. The assessment has been completed and a report has been supplied to all of Mississippi's Public Water Supplies.

Auxiliary Services

These services include various aspects related to data management, compliance and enforcement of the Public Water Supply Supervision Program.

Information Management and SDWIS/Fed Reporting

These ongoing activities include: overseeing and enforcing requirements of data management and SDWIS/Fed reporting; reporting the state's PWSS inventory at least annually to SDWIS/Fed; reporting the state's violations and enforcement actions at least quarterly; participating in EPA/state data managers conference calls; identifying the data manager and alternate for the purpose of making secure transmissions of data intended for SDWIS/Fed through EPA's Central Data Exchange; establishing and following quality assurance procedures to ensure that PWS data eventually entered in SDWIS/Fed is of the highest reliability and maximum value to the public.

Inspection Strategy

This activity includes overseeing and enforcing requirements of the regulatory requirements.

Management System for Non-compliant Systems

These activities include: overseeing and enforcing requirements of management systems for non-compliant systems; provide current versions of its enforcement response guide; assurances that the EPA has up-to-date information.

Rule Task Force

This requires participation in the Rule Writing Task Force and Rule Workshops.

Enforcement and Management of Significant Non-compliers (SNC's)

Activities of this auxiliary service include: overseeing and complying with the requirements of management significant non-compliers (SNC's); and reporting the State's response to instances of significant noncompliance at public water systems.

The commitments as stated here and in the PWSS Work plan are adopted as commitments of the State Program Management set aside.

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing State Program activities under this work plan will be the schedule established by dates entered in the "Date Due" column of the MDH FY-07 PWSS Work plan.

AGENCY RESPONSIBILITIES

The Mississippi Department of Health is the agency responsible for implementing required activities under the State Program Management set aside.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET ASIDE ACTIVITIES

The success of State Program Activities will be defined by the ability of the MDH to successfully meet commitments in the FY-07 PWSS Work plan. Quarterly and annual reports/submittals required by the PWSS program include documentation and evaluation of ongoing program implementation and success in meeting stated commitments.

G. Mississippi State Program Management Set Aside Match Requirements

Mississippi 1:1 Requirement for FY 2007 State Program Management Set-aside

	FY 1993	FY 2007
PWSS Grant	$769,600	$1,216,900
State Required Match for PWSS Grant	$256,533	$401,577
Actual State PWSS Contribution	$256,533	$2,054,773
State PWSS Overmatch	$ 0	$1,653,196
State PWSS Expenditures Eligible for 1:1 SPM Match	$134,078	$1,653,196
State PWSS Expenditures Claimed for 1:1 SPM Match	$134,078	$822,900

Mississippi requests $822,930 of its FY-2007 DWSRF Capitalization Grant be set aside for State Program Management (SPM) to support Public Water Supply Supervision (PWSS) activities. To comply with the additional 1:1 match requirement for SPM set-asides, $822,900 in additional State funds will be required. The State provided $1,653,196 above the State's PWSS match requirement in FY-2007. This contribution is provided through the collection of Water Quality Analysis Fee by the Bureau of Public Water Supply. In accordance with Section 1452(g)(2) of the Safe Drinking Water Act of 1996, the State claims $826,938 from its FY-2007 PWSS overmatch as credit to satisfy the $822,900 additional State match required to set aside $822,900 of its FY-2007 Capitalization Grant for SPM activities.

H. Coordination Schedules for Jointly Funded Projects

FY-2007 DWSIRLF COORDINATION SCHEDULES FOR JOINTLY FUNDED PROJECTS			
These schedules are designed to help assure coordination between the DWSIRLF Program and the Appalachian Regional Commission (ARC) Grant Program, Community Development Block Grant (CDBG) Program, and Rural Utilities Service (RUS) Grant and Loan Program. These schedules are, however, subject to change due to the timing of federal appropriations or program changes.			
Date(s)	**Schedule Item(s)/Deadline(s)**		
	ARC	**CDBG**	**RUS***
May 1, 2006	Mississippi Appalachian Regional Office (MARO) notifies potential applicants & local Planning & Development Districts of the September 1, 2006, deadline for submitting complete ARC grants applications.	(N/A)	(N/A)
Sept 1, 2006	All FY-07 ARC project applications due at MARO in Tupelo, MS by 5:00 p.m. Proposals received afterward will only be considered as "back-up" projects.	(N/A)	(N/A)
Oct 1, 2006**	Deadline for loan applicant to submit a complete DWSIRLF facilities plan to MS Department of Environmental Quality (MDEQ). The plan must reflect anticipated ARC funding, and must indicate if the loan applicant intends to proceed with the project; 1) only if ARC funds are received, or 2) regardless of ARC funding.**	Deadline for loan applicant to submit a complete DWSIRLF facilities plan to MS Department of Environmental Quality (MDEQ). The plan must reflect anticipated CDBG funding, and must indicate if the loan applicant intends to proceed with the project; 1) only if CDBG funds are received, or 2) regardless of CDBG funding.**	Deadline for loan applicant to submit a complete DWSIRLF facilities plan to MS Department of Environmental Quality (MDEQ). The plan must reflect anticipated RUS funding, and must indicate if the loan applicant intends to proceed with the project; 1) only if RUS funds are received, or 2) regardless of RUS funding.**
Oct, 2006	MS Dept of Health (MDH) notifies MARO of loan applicants who have submitted complete facilities plans which indicate anticipated FY-2007 ARC funding. MARO notifies MDH of ARC grant applicants who submitted pre-applications which indicate anticipated FY-07 DWSIRLF funding.	MS Dept of Health (MDH) notifies Mississippi Development Authority (MDA) of loan applicants who have submitted facilities plans which indicate anticipated FY-2007 CDBG funding.	MS Dept of Health (MDH) notifies U. S. Department of Agriculture, Rural Utilities Service (RUS) of loan applicants who have submitted facilities plans which indicate anticipated FY-2007 RUS funding
Nov 15, 2006	MARO completes review of FY-07 projects and briefs Governor on proposed Priority 1 and Priority 2 project list, as well as projects not eligible to be funded.	(N/A)	(N/A)
Nov 15-30, 2006	MARO notifies local Planning & Development Districts of projects that have been selected for the P1 (fundable priority list). MARO will copy MDH on these notification letters if grantee has indicated that it is pursuing DWSIRLF loan funds for the project. MDH will not award a DWSIRLF loan until this notification from MARO is provided.	(N/A)	(N/A)

	ARC	CDBG	RUS
Oct 18, 2006	(N/A)	CDBG program application workshops.***	(N/A)
Nov, 2006	MDH advertises Draft DWSIRLF FY-2007 Intended Use Plan for public comment.	MDH advertises Draft DWSIRLF FY-2007 Intended Use Plan for public comment.	MDH advertises Draft DWSIRLF FY-2007 Intended Use Plan for public comment.
Dec 30, 2006	Deadline for all FY-07 Priority 1 documentation and forms to be submitted to MARO.	(N/A)	(N/A)
Dec, 2006	Board adopts FY-2007 DWSIRLF Intended Use Plan accounting for anticipated ARC award amounts if identified in facilities plan.	Board adopts FY-2007 DWSIRLF Intended Use Plan, accounting for anticipated CDBG award amounts if identified in facilities plan. CDBG public facilities applications, along with one copy of the DWSRLF loan application with maps and appropriate attachments will be accepted from 12/7&8/2006	Board adopts FY-2007 DWSIRLF Intended Use Plan, accounting for anticipated RUS award amounts if identified in facilities plan.
Jan 20, 2007	(N/A)	Deadline for a CDBG grant applicant to submit a water viability review form to MDA.	(N/A)
Jan, 2007	MDH notifies MARO of projects included on final FY-2007 Priority List that anticipate receiving FY-2007 ARC funds.	MDH notifies MDA of projects included on the Final FY-2007 Priority List that anticipate receiving FY-2007 CDBG funds.	MDH notifies RUS of projects included on the final FY-2007 Priority List that anticipate receiving FY-2007 RUS funds.
Feb 1, 2007	MARO sends project applications to ARC-Washington to start final funding approval process.	(N/A)	(N/A)
Feb 16, 2007	(N/A)	CDBG public facilities applications, along with one copy of the DWSIRLF loan application with maps and appropriate attachments, will be accepted from 2/16/2007 until 4:00 p.m. on 2/17/07.	(N/A)
Feb- Jun, 2007	ARC-Washington starts the final funding approval process and awards ARC grants during the spring or summer of 2007.	(N/A)	(N/A)
Mar, 2007	(N/A)	MDA provides notification to MDEQ that complete CDBG applications have been received.	(N/A)

	ARC	CDBG	RUS
May 1, 2007**	Deadline for loan applicants to submit a completed DWSIRLF loan application to MDEQ for the total DWSIRLF eligible costs, less the amount of anticipated ARC award to be applied to DWSIRLF eligible costs.**	Deadline for loan applicants to submit a completed DWSIRLF loan application to MDEQ for the total DWSIRLF eligible costs, less amount of anticipated CDBG award to be applied to the DWSIRLF eligible costs.** (NOTE: If the loan recipient is pursuing a CDBG grant to cover part of the cost of construction, the loan recipient has the option to include the anticipated CDBG grant amount in the detailed cost breakdown in the application, or may request 100% DWSIRLF funding with the possibility of amending the loan application later if the loan recipient is awarded a CDBG grant prior to receipt of bids for construction. However, the DWSIRLF loan application must be consistent with the DWSIRLF facilities plan for the project.)	Deadline for loan applicants to submit complete DWSIRLF loan applications to MDEQ for the total DWSIRLF eligible costs, less amount of anticipated RUS award to be applied to DWSIRLF eligible costs.** (NOTE: If the loan recipient is pursuing an RUS grant/loan to cover part of the cost of construction, the loan recipient has the option to include the anticipated RUS grant/loan amount in the detailed cost breakdown in the application, or may request 100% DWSIRLF funding with the possibility of amending the loan application later if the loan recipient is awarded an RUS grant/loan prior to receipt of bids for construction. However, the DWSIRLF loan application must be consistent with the DWSIRLF facilities plan for the project)
May, 2007	(N/A)	MDA provides notification to MDH of which projects fall within the funding range for CDBG grants for construction contingent upon matching funds being in place. (NOTE: MDH will not award a DWSIRLF loan until this notification from MDA is provided.)	(N/A)
Jun, 2007	MDH provides notification to MARO that complete DWSIRLF loan applications have been received.	MDH provides notification to MDA that complete DWSIRLF loan applications have been received. MDA provides conformation to MDH of which projects fall within the funding range for CDBG grants for construction contingent upon matching funds being in place.	MDH provides notification to RUS that complete DWSIRLF loan applications have been received.
(Upon Grant Award)	MARO provides notification to MDH that ARC awards have been made.	MDA provides notification to MDH that CDBG awards have been made.	RUS provide notification that RUS awards have been made
Aug 1, 2007**	All approvable documents and responses to comments necessary for loan award must be submitted to MDEQ for review and approval.**	All approvable documents and responses to comments necessary for loan award must be submitted to MDEQ for review and approval.**	All approvable documents and responses to comments necessary for loan award must be submitted to MDEQ for review and approval.**
May-Sep, 2007	Loan applicants receive DWSIRLF loan awards from MDH. The amount of the loan will be the total DWSIRLF eligible cost less the ARC award amount to be applied to DWSIRLF eligible costs.	Loan applicants receive DWSIRLF loan awards from MDH. The amount of the loan will be the total DWSIRLF eligible cost less the CDBG award amount to be applied to DWSIRLF eligible costs.	Loan applicants receive DWSIRLF loan awards from MDH. The amount of the loan will be the total DWSIRLF eligible cost less the RUS award amount to be applied to DWSIRLF eligible costs. If loan applicant desires DWSIRLF loan award prior to RUS award, loan applicant must provide MDEQ with a copy of letter from RUS which states their project will be funded only contingent upon receipt of DWSIRLF matching funds. MDH will not award a DWSIRLF loan until that notification from RUS is provided.

	ARC	CDBG	RUS
(Upon Loan Award)	MDH sends a copy of the award letter to MARO.	MDH sends a copy of the award letter to MDA.	MDH sends a copy of the award letter to RUS.

* **General Guidance regarding DWSIRLF/RUS coordination:** The RUS is an agency of the United States Department of Agriculture which provides loans and grants for water and wastewater projects. Eligible applicants must be public entities, nonprofit organizations, or Indian tribes that serve communities with populations under 10,000. RUS funds may be used in conjunction with other Federal, State, or local funds. Applications for RUS funds will be accepted at any time during the year, and involve an environmental review that includes public notifications and comment periods. RUS projects are funded at any time during the year as long as funds are available. RUS funds are allocated by Congress in October of each year, and are usually spent as complete applications are received. Therefore, it is generally to the applicant's advantage to file applications earlier in the year. To receive an application package or other information, contact Rural Utilities Service, 100 West Capitol Street, Suite 831, Jackson, MS 39269; telephone: (601) 965-5460; fax: (601) 965-4566.

** **FY-2007 DWSIRLF Priority System Deadline**

*** **"To Be Announced" (Date has not yet been set.)**

I. Drinking Water Systems Emergency Loan Fund Program

Section 41-3-16, Mississippi Code of 1972, as amended, created the Drinking Water Systems Emergency Loan Fund Program. This program provides loans to counties, municipalities, districts, or other (tax exempt) water organizations for emergency construction, repair or replacement of drinking water facilities. This entirely state funded loan program provides a ready funding source for such emergency projects without all the federal cross-cutter requirements required in the Drinking Water Improvements program thereby saving valuable time and expense. This Emergency Loan Fund Program eliminates the need to address emergency loans in the Drinking Water Systems Improvements Revolving Loan Fund Program. The Board encourages eligible water organizations throughout the state to utilize this program whenever emergency drinking water projects are needed.

The basic provisions of this program are: 1) a current interest rate of 2.0%; 2) a maximum single loan amount as determined by the Board; 3) a maximum repayment period of five (5) years; and 4) the project must meet the definition of an emergency as established in the program regulations. It is also important to note that loan recipients do not pay interest during the original construction period (capitalized interest), and that loan repayments do not begin until after project completion.

Allowable costs for the project may not be incurred prior to the budget period established in the loan agreement, which may not begin more than 30 days prior to receipt of the loan application.

Costs for the project will be paid on a reimbursement basis, based upon the actual allowable expenditures of the loan recipient.

J. Certifications

In addition to the ten (10) assurances included below, the State acknowledges that there are six (6) additional assurances that the State has agreed to in either the Operating Agreement between the State and EPA Region IV or the annual capitalization grants. These two documents are hereby incorporated into this IUP by reference

1. The State certifies that all drinking water facility projects in this Intended Use Plan identified in Section VII as being subject to the federal cross-cutting requirements are or will be in compliance with all such requirements prior to the State entering into an assistance agreement with the recipient.

2. The State certifies that it will make an annual report to the Regional Administrator on the actual uses of the funds and how the State has met the goals and objectives for the previous two fiscal years as identified in the IUP's; and to annually have conducted an independent audit of the funds to be conducted in accordance with generally accepted government accounting standards.

3. The State certifies that this Intended Use Plan will be subjected to public review and comment prior to final submission to EPA. The State certifies that it will follow the "Mississippi Administrative Procedures Law" in seeking public review and comments on this Intended Use Plan. A copy of the "Mississippi Administrative Procedures Law" can be obtained from the Mississippi Secretary of State's Office, and can also be found on the Mississippi Department of Health's website at www.msdh.state.ms.us/dwsrf.

   A public hearing will be held at 9:00 a.m. on Monday, September 17, 2007 to receive written and oral comments on this Intended Use Plan. A transcript of the public hearing recording the comments and recommended solutions will be submitted to EPA along with the Final Intended Use Plan. If anyone would like to receive a copy of the public hearing transcript they should contact William Moody at (601) 576-7518 to request copies.

4. The State certifies that all drinking water facility projects in this Intended Use Plan are on the project Priority List developed pursuant to the requirements of Section 1452(b)(3)(B), SDWA.

5. The State certifies that it will enter into binding commitments for 120% of the amount of each payment (LOC) under the capitalization grant within one year after receipt of each payment (LOC).

6. The State certifies that it will commit and expend all DWSIRLF Fund monies as efficiently as possible, and to disburse the funds in a timely and expeditious manner.

7. The State certifies that it will conduct environmental reviews on all DWSIRLF cross-cutter equivalency projects in accordance with the State environmental review process.

8. The State certifies that prior to adding any new projects to the FY-2007 and After Planning List for the purpose of funding such a project during FY-2007, that the State will follow the "Mississippi Administrative Procedures Law" in amending this Intended Use Plan in order to allow for public review and comments.

9. The State certifies that it has developed and implemented a capacity development strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity as required in Section 1420(c) of the 1996 Amendments to the Safe Drinking Water Act. This capacity development program is currently approved by EPA.

10. The State certifies the State's Operator Certification Program is currently approved by EPA.