MEMORANDUM

To: Mayors, Presidents of Boards of Supervisors, County Administrators, Presidents of Rural Water Associations, Consulting Engineers, and Other Interested Parties

From: James H. Craig, III, Chairman
Local Governments and Rural Water Systems Improvements Board

Subject: Drinking Water Systems Improvements Revolving Loan Fund Program
Final FY-09 Intended Use Plan

Date: December 29, 2008

Final FY-09 Intended Use Plan

The Local Governments and Rural Water Systems Improvement Board (Board) established a public comment period on the Final FY-09 Intended Use Plan for the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program through 9:00 a.m. on December 19, 2008. Written comments were received until that time, at the address noted below.

The Board held a public hearing at 9:00 a.m., Friday, December 19, 2008, in Room U-234, in the offices of the Mississippi State Department of Health (MSDH), located at 2423 North State Street (Underwood Building) in Jackson, Mississippi, to receive written or verbal comments on the document. No additional comments were made by the public other than requests by potential loan recipients to be added or removed from the 2009 Priority List and the 2010 and After Planning List.

The Final FY-09 Intended Use Plan reflects a 1.95% loan interest rate for all FY-09 projects, and contains a Priority List of projects to receive loan funding, which has been prioritized in accordance with criteria previously approved by the Board.

The Board urges all applicants with projects on the FY-09 Priority List to pay particular attention to Section D. of the Priority System (pages 18 and 19), which establishes certain deadlines for FY-09 projects. These deadlines have been established in order to insure that funds are reserved only for projects that are proceeding in a timely manner toward loan award.

Potential loan recipients with projects shown below funding line two (2) on the FY-09 Priority List and on the FY-2010 and After Planning List are strongly encouraged to continue working on their projects. During the FY-2009, some funds may become available for award should funded projects fail to meet the established deadlines. These released funds would be made available on a first-come-first-served basis to FY-2010 "catch-up" projects which proceed and meet all requirements for loan award in FY-09. This is particularly important due to the proposed "Economic Recovery Package" which could mean additional funding to the DWSIRLF Program.

Based on current information, the State could receive additional funding between **$10 to $100 Million** for loans to the State's water systems. It appears that these additional funds will have a tight timeframe for which it all funds must be obligated to projects. As it stands right now, that timeframe will be 180 days. Projects that are **"Ready To Go"** within the 180 day timeframe will be able to receive these additional funds.

If you are interested in a low interest loan for a project, you must act quickly to send us a ranking form and get started on your facilities plan. The ranking form is available at the website listed below.

Copies of the Final FY-09 Intended Use Plan are being mailed to those prospective loan recipients who have projects listed on the FY-09 Priority List or the FY-2010 and After Planning List, and their consulting engineers. If you did not receive a copy of this document but would like one, you can download a copy from the Department of Health website at www.msdh.state.ms.us/dwsrf, or contact Jennifer King at (601) 576-7518, and a copy will be mailed to you.

If you have any questions, or if we can be of assistance, please contact William F. (Bill) Moody at (601) 576-7518.

JHC:wfm

STATE OF MISSISSIPPI
DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM

FINAL

FY-2009 INTENDED USE PLAN

Presented to the Board
December 19, 2008

MISSISSIPPI STATE DEPARTMENT OF HEALTH

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS

IMPROVEMENTS BOARD

P. O. BOX 1700 SUITE U-232

JACKSON, MISSISSIPPI 39215-1700

(Blank)

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

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND

FY-2009 INTENDED USE PLAN

TABLE OF CONTENTS

I. INTRODUCTION ..... - 1 -

A. STATE OF MISSISSIPPI'S DRINKING WATER STATE 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. BASIC GOALS ..... - 3 -
B. LONG-TERM DWSRF GOALS ..... - 3 -
C. SHORT-TERM DWSRF GOALS ..... - 4 -

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

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

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

A. SOURCE AND USE OF FUNDS ..... - 6 -
1. Federal Allotment ..... - 6 -
2. State Match Requirements ..... - 6 -
3. Loan Increase Reserve ..... - 7 -
B. FINANCIAL PLANNING PROCESS ..... - 8 -
1. Efficient Bond Management ..... - 8 -
2. Interest Rate Determination ..... - 8 -
3. Investment ..... - 8 -
C. FINANCIAL TERMS OF LOANS ..... - 9 -
1. Funding Limit ..... - 9 -
2. Interest Rate ..... - 9 -
3. Administration Fee ..... - 9 -
4. Other Related Issues ..... - 9 -

V. SET-ASIDE ACTIVITIES ..... - 10 -

A. ADMINISTRATION ..... - 11 -
B. SMALL SYSTEM TECHNICAL ASSISTANCE ..... - 11 -
C. STATE PROGRAM MANAGEMENT ..... - 11 -
D. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS ..... - 12 -

VI. PRIORITY SYSTEM ..... - 12 -

A. FUNDING AND RANKING RATIONALE ..... - 12 -
1. Funding Lists and Bypass Procedure ..... - 12 -
2. Loan Decreases ..... - 12 -
3. Match for SPAP Grants ..... - 13 -
4. Disadvantaged Communities ..... - 13 -
B. PRIORITY SYSTEM CATEGORIES ..... - 13 -

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

VII. FY-2008 PRIORITY LIST ..... - 20 -

VIII. FY-2008 DETAILED PROJECT LIST WITH ADDITIONAL INFORMATION ..... - 24 -

IX. EXPECTED PUBLIC HEALTH OUTCOMES & PERFORMANCE MEASURES ..... - 25 -

APPENDICES

A. FY-2009 ASSUMED AVAILABLE FUNDS MISSISSIPPI DWSRF PROGRAM ..... - 29 -

B. PROJECTED SCHEDULE OF OUTLAYS ..... - 33 -

C. PROJECTED PAYMENT (FEDERAL LETTER OF CREDIT) SCHEDULE ..... - 35 -

D. PROJECTED SCHEDULE OF DRAWDOWNS AGAINST FEDERAL LETTER OF CREDIT ..... - 36 -

E. MISSISSIPPI SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE WORKPLAN ..... - 37 -

F. MISSISSIPPI STATE PROGRAM MANAGEMENT SET-ASIDE ANNUAL WORKPLAN ..... - 41 -

G. MISSISSIPPI STATE PROGRAM MANAGEMENT SET-ASIDE MATCH REQUIREMENTS ..... - 46 -

H. COORDINATION SCHEDULES FOR JOINTLY FUNDED PROJECTS ..... - 47 -

I. DRINKING WATER SYSTEMS EMERGENCY LOAN FUND PROGRAM ..... - 51 -

J. CERTIFICATIONS ..... - 52 -

I. Introduction

A. State of Mississippi's Drinking Water State 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 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 (Board)," to oversee the administration of the DWSIRLF Program. The Mississippi State Department of Health (Department), 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 administering the DWSIRLF Program are as low as possible, in order to provide the water consumers of Mississippi with 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 DWSIRL Fund 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 and have historically been provided through the issuance of bonds. The purpose of this IUP is to convey Mississippi's DWSRF plan for FY-2009 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 State 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-2009 DWSRF allotment initially estimated to be $3,491,000 from October 2009 through September 2013, as shown in the capitalization grant application. Indications from the EPA are that this number will increase to approximately $8,146,000 and potentially increase through an Infrastructure Economic Stimulus Package to $17,946,000 depending on economic situations. This IUP will show in detail the following: the goals (basic, 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 Ulysses Conley 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 follow 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, to receive any written and oral comments on this IUP. A public hearing will be held at 9:00 a.m. on Friday, December 19, 2008. A transcript of the public hearing recording the comments and recommended solutions will be submitted to EPA along with the Final IUP. If anyone would like to receive a copy of the public hearing transcript, they should contact Ulysses Conley at (601) 576-7518 to request copies. A copy of the "Mississippi Administrative Procedures Law" may be obtained from the Mississippi Secretary of State's Office, and can also be found on the Mississippi State 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 for the DWSIRLF Program with the objective of improving the program on an ongoing basis. The goals have been classified into three categories that include basic, long-term, and short-term. The goals were developed to address the necessary requirements of federal and state regulations, as well as the State's

need and desire 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. Basic Goals

i) 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. Attaining these basic goals 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.

ii) Determine the DWSIRLF's yearly interest rate, taking into consideration that it must be competitive with the private sector, as well as other available funding within the state. This will ensure the timely use of available funds, as well as ensure sufficient fund income is generated to provide for the perpetuity of the Fund. Further details of loan terms and priority ranking are outlined in Sections IV and VI of this IUP.

B. Long-Term DWSIRLF Goals

1. Enhance and/or improve loan application and repayment procedures. MSDH intends to systematically evaluate the existing program requirements and procedures to determine possible ways to improve the DWSIRLF program, make it more user-friendly, attractive and beneficial to loan recipients, while ensuring continued compliance with all federal and state regulations and requirements.

2. In addition to improving program requirements and procedures, staff members of the DWSIRLF Program are exploring the feasibility of creating a universal web-based ranking form for all lending agencies within the state. The proposed form would ask a few simple questions, recommend a lending program based on the responses and submit the ranking form to the appropriate agency. This could help potential loan recipients find the program that is right for their water utility, quickly and easily.

3. Use Set-Asides to fund Planning Grants. DWSIRLF staff is exploring the possibility of using a portion of the Local Assistance and Other State Programs set-aside to fund planning grants for water systems serving populations with fewer than 5,000 residents. The completed plans could then be used as facilities plans required for the DWSRF Program. Potential restrictions to this set-aside's use will require grantee to commit to the DWSIRLF Program for project funding within a specified period of time and/or possibly require grantee to match a portion of the planning grant dollar-for-dollar.

4. Develop a tracking system to manage program documents and disbursements. A tracking system will provide DWSIRLF loan recipients and their representatives with an opportunity to view the status and/or location of documents mailed to the DWSIRLF program for processing or review. This tracking system will also assist DWSIRLF staff in tracking and monitoring program disbursements.

C. Short-Term DWSIRLF Goals

1. Enhance and/or improve the DWSIRLF Loan Program by making it more attractive to public water systems. The evaluation of this goal will be based on input received from "one-on-one" visits with staff at engineering firms, town conferences, and general feedback obtained from loan recipients and engineers during the loan process. These meetings will be conducted with firms currently participating in the DWSIRLF program to collect data regarding the effectiveness of the loan application process currently being implemented by the department.

2. Explore the possibility of developing web-based checklists and forms to electronically store and process project management information.

3. Continue development of a web-based system for tracking both DWSIRLF and Bureau of Public Water Supply projects which will allow access by consulting engineers, contractors, and loan recipients to check approval/comment status of their project disbursements.

4. Continue to assist applicants in addressing capacity assessment deficiencies found during annual inspections by using technical solutions afforded by the use of the technical assistance set-asides contracts. New or forthcoming regulations may make this a key goal in the future.

5. Train new staff members using available training sessions offered and provided by EPA.

III. Structure of the Mississippi DWSIRLF

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

A. DWSIRLF Loan/Operations Fund

Monies in the Fund support a majority of the functions of the Loan Program. These functions include: administration of the program, set-aside operations, and most importantly, providing loans to public water systems for eligible projects. The Loan Program is a reimbursement program. After the loan is awarded, costs associated with planning and design, as well as project construction are reimbursed to the

recipient. Capitalization Grants from EPA, loan repayments and interest earnings are deposited into this fund.

1. Types of Eligible Projects:
   Many types of projects 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.

2. DWSIRLF Set-aside Accounts:
   The set-aside accounts reside under the umbrella of the Fund. Separate accounts are maintained for each set-aside. A listing of the set-asides taken by Mississippi includes the following:
   i) Administrative Set-aside: Used to administer the loan program and other non-project-related activities.
   ii) Small System Technical Assistance Set-aside: Used to provide technical assistance to small water systems through the contractual services of the *Community Resources Group* (CRG), Mississippi State University – Extension Service (MSU-ES) and the *Mississippi Rural Water Association* (MsRWA)
   iii) State Program Management Set-aside: Used to provide additional financial support to MSDH – Bureau of Public Water Supply for Public Water System Supervision program support.

B. DWSIRLF State Match Funds

As required by the SDWA, the State of Mississippi must match the capitalization grant with State funds equaling 20% of the federal allotment. Mississippi historically has received the required 20% state match from the sale of General Obligation Bonds authorized by the State Legislature and sold by the Mississippi State Bond Commission. While state match monies provided through the bond sales are maintained separately from the Fund for accounting purposes, they are still considered to be under the "umbrella" protection of the SRF Fund.

C. Drinking Water Systems Emergency Loan Fund (DWSELF)

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-2009 the federal allotment (anticipated to be $8,146,000) and required state match ($1,629,200 which was disbursed during FY-2008) will provide an anticipated total of $8,146,000 to be used for loans and set-aside activities. An estimated $7,168,480 (if fully funded) will be used for loans to Mississippi public water supplies, with an estimated $977,520 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. It is anticipated that set-asides will be allowed to be taken from funding received from the aforementioned Economic Stimulus Package. Once the exact nature of the stimulus package has been determined, an amendment to this IUP will be made to reflect the additional set-aside funding use.

1. Federal Allotment
   The capitalization grant is estimated to be $8,146,000 based on the FY-2009 appropriation.

2. 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 which were deposited into the Loan Fund. As stated in the law, one of the purposes 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." Initially, $10,000,000 of these General Obligation bonds were sold in May of 1997 and the proceeds were deposited into the Fund on May 29, 1997. Later, the remaining $5,000,000 of the original bonding authority 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 DWSIRL 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 for $183,720 which was 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 were sold and deposited in the SRF Fund during the 1st Quarter of FY-2007. After paying the issuance cost of $2,128.26:

- $83,620 was used to match the remaining $418,100 of the FY-2005 cap grant.
- $1,645,860 was be used to match the FY-2006 cap grant ($8,229,300).
- $1,645,800 was be used to match the FY-2007 cap grant ($8,229,000).
- $625,591 will be used to match a portion ($3,127,955) of the FY-2008 cap grant.

During the 2008 Regular Legislative Session, the state legislature authorized an additional $4,000,000 in general obligation bonds which were sold and deposited into the Fund during the 1st Quarter of FY-2009. After paying issuance costs of $2,256.05

- $1,003,609 was used to match the remaining FY-2008 cap grant.
- $1,629,200 will be used to match the FY-2009 cap grant which is anticipated to be $8,146,000.
- The remaining approximate$1,364,935 funds will be used to match future capitalization grants.

While the match has been obligated to the FY-2009 and FY-2010 grants as shown above, it was spent during FY-2008 for needed loans. Those spent match funds are "credit" for the necessary match requirement. Appendices A and B have been designed to reflect that the match has been spent and will not be included as a part of any disbursements made during FY-2009.

3. 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.

4. Potential Economic Recovery Package

To combat the current troubled economic climate facing the country today, the US House of Representatives has passed and awaiting US Senate concurrence an "Economic Recovery Package" that would authorize additional funding to the DWSIRLF program. As it stands currently, the economic recovery funding to the loan program will require no additional state match and will be in the range $7.3

to $9.8 Million. Standard set-asides with the exception of the 15% Local Assistance and Other State Programs will be allowed. The 10% State Program Management one-to-one match requirement is still necessary with this recovery package. The exact nature of how the funds will be disbursed to the state is still unknown, but once known an appropriate amendment to this IUP will be drafted and sent out for public notice. It should also be noted that the package may never materialize if the political winds shift. Appendices A and B have revised to reflect this potential funding source.

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:

1. Efficient Bond Management
   The Board intends that the Mississippi State Department of Health apply for the entire State allotment under the federal DWSRF, 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.

2. Interest Rate Determination
   As mentioned previously in the Goals Section of the IUP, it is the Board's intention to adjust interest rates such that the demand will eventually equal the funds available. 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).

3. 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.

1. Funding Limit
   DWSIRLF loans may be limited at the discretion of the Board based on funds availability or as otherwise stated under state law.

2. 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 date of completion of the original construction period.

3. Administration Fee
   Revenues to pay for DWSIRLF program administration costs will be received from an administration fee of 5% of the original eligible loan amount that shall be charged to all FY-2009 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 $1,900,000 in this program administration fund at this time. The Department expects to receive an additional $805,000 during the current year, if the full requested EPA Cap Grant amount is received.

4. Other Related Issues
   i) *Type of Assistance Provided:* The only type of assistance to be provided under the DWSIRLF loan program will be loans to public, tax exempt 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. These loans will be for the construction of eligible drinking water production, treatment and distribution facilities.

ii) *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 MSDH.

iii) *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.

iv) *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, 2008, and the DWSIRLF loan is awarded by September 30, 2009.
   b. The project is in compliance with all applicable DWSIRLF program regulations and obtains MSDH 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, and the Department's 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.

v) *Priority List:* The FY-2009 Priority List expires on September 30, 2009. Projects listed in the FY-2009 Priority List that do not receive funding by this date will not be funded under the FY-2009 funding cycle, and will be subject to the requirements of the FY-2010 or subsequent Intended Use Plans and Priority Lists. Detailed information for the FY-2009 DWSIRLF projects is shown in Section VIII of this IUP.

V. Set-Aside Activities

The SDWA 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 an estimated $977,520 of the federal grant to support these activities along with an additional estimated $814,600 of state money needed for state program management match. These non-project-related programs will be operated by the MSDH within the agency itself or through contracts with other agencies or organizations. Contracts between the MSDH and other agencies or organization will be approved by the Board. Workplans, detailing how fund will be expended for the taken set-asides, are included as appendices within this IUP. Additionally, progress reports will be included in the Annual Report for those set-asides taken.

A. Administration

No new funds will be taken from the FY-2009 Capitalization Grant for this set-aside; however, the State wishes to reserve this set-aside from future capitalization grants. Additionally, the state wishes to exercise its right to continue to reserve the FY-03 and FY-04 administrative set-aside funds from future capitalization grants to be taken when needed. Furthermore, in an effort to make the program more desirable for potential loan recipients, the state wishes to change the administrative fee collection method during the loan repayment phase as soon as we are financially able. Continuing to reserve the funds from FY-03,~~and~~ FY-04, and now FY-09 is necessary to ensure that administrative funds will be available during the lengthy transition to the new method. The Board expects to implement this new method of fee collection within the next year. When this occurs any reserve administrative funds will be depleted rapidly and therefore additional administrative set-aside funds may be required in order for the program to continue to operate.

B. Small System Technical Assistance

The State intends to set-aside two (2%) percent or $160,920 of its FY-2009 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 set-aside to fund contracts for the following activities: Special Assistance to Referred Systems; Board Management Training for Water System Officials; On-Site Technical Assistance; and Hands-on Operator Training. Each of these activities is described in detail in the State of Mississippi Small Systems Technical Assistance Set-Aside Work Plan included as Appendix F to this IUP.

C. State Program Management

The State intends to set-aside the full ten percent (10%) or $814,600 of its anticipated FY-2009 Capitalization Grant, as authorized by Section 1452(g)(2) of the Safe Drinking Water Act of 1996, for State Program Management 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 IUP. 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-2009 PWSS expenditures that exceed the State's FY-2009 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-2009 State expenditures. While this is allowed, the MSDH, Bureau of Public Water Supply sees this as providing no additional monetary benefit to the State Program Management Program and has elected to

decline the "coupon". A tabulation showing amount and source of funds to satisfy match requirements for the FY-2009 State Program Management set-aside is furnished as Appendix H to this IUP.

D. Local Assistance and Other State Programs

No new funds will be taken from the FY-2009 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, Mississippi has particular issues facing its public water systems which are unique to the state; however, the SDWA requirements give priority to those projects which:

- address the most serious risk to human health
- are necessary to ensure compliance with the SDWA requirements
- assist systems 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 (within the available funds) in the following order: projects above funding line (the current year's priority list) that have met all Priority System deadlines will be funded when they are ready to proceed.

1. Funding Lists and Bypass Procedure
   Should any projects on the FY-2009 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 first be made available to ensure that all projects above the funding line meeting priority system deadlines are funded with any remainder, 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 above 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.

2. 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.

3. Match for Special Appropriations Project (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 DWSRF 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 has been met.

4. Disadvantaged Communities
   The Board does not intend to implement a permanent disadvantaged communities program at this time.

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 SDWA 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.

a. *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 due to 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.

b. *Category II - Primary Drinking Water Standards*
This category includes 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.

c. *Category III - One Well*
This category includes projects to provide additional water supply to systems that have neither a backup well nor an MSDH-approved emergency tie-in to another system to ensure safe drinking water, and thereby protecting the health of the existing population.

d. *Category IV - Pressure Deficiencies*
This category includes 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 MSDH to be one of the most serious drinking water-related threats to public health in Mississippi.

e. *Category V – Source Water Protection Projects*
This category includes 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 GPB; 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.

f. *Category VI - System Capacity Expansion To Serve Existing Unserved Residences/Businesses*
This category includes 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.

g. *Category VII - Back-up Water Supply Sources Projects*
This category includes 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.

h. *Category VIII - Existing Facilities Upgrades (Meeting Primary Standards)*
This category includes 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.

i. *Category IX - Secondary Drinking Water Standards Projects*
This category includes projects to provide treatment that brings systems into compliance with Secondary Drinking Water Regulations.

j. *Category X - Consolidation Projects*
This category includes 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.

k. *Category XI – Other*
This category includes 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:

a. *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).

b. *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 2007 median household income for the State of Mississippi ($35,903) to the 2007 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", Twentieth 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.

c. *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 Adjusted 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 (Adjusted Benefit/Cost Points)

d. <u>*System Capacity*</u>
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 MSDH) will receive additional priority points equal to 25% of the Adjusted 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 (Adjusted Benefit/Cost Points)

e. <u>*Participation in Short-Term & Long-Term Assistance Programs*</u>
The MSDH, 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 Adjusted 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 Adjusted 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 (Adjusted Benefit/Cost Points)*

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

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

Needs Survey Points = 0.10 x (Adjusted Benefit/Cost Points)

g. *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.

h. *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.

It is anticipated that approximately 25.7% of all available DWSIRLF funds will be awarded to small communities with populations of 5,000 or less in FY-2009 given a full appropriation by the EPA. No small communities that met the September 30, 2008, deadline for submitting a facilities plan were left off the fundable portion of the FY-09 Priority List.

Results to Date: Through the first twelve years of the DWSIRLF program (FY-97 through FY-08) the program has averaged 22.3% of the total available funds being awarded to small communities (population less than 10,000 as defined in the SDWA). During this same twelve-year period, 39.5% of all funds awarded went to small communities (population less than 10,000). In FY-08 15.6% of all available DWSIRLF funds were awarded to small communities with populations less than 10,000.

D. Priority System Deadlines

1. By October 1, 2008 a complete DWSIRLF facilities plan, prepared in accordance with the DWSIRLF loan program regulations, must be submitted to the MSDH.* 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 (RUS), if the loan applicant has existing debt with RUS, 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-09 and to be able to qualify for the Previous Year Certified Projects Category in the FY-2010 IUP.

2. By May 1, 2009, a completed DWSIRLF loan application and all associated documents as described in the DWSIRLF regulations must be submitted to the MSDH. Prior to preparing these documents the potential applicant and/or its registered engineer must request and receive a DWSIRLF application and guidance, and it is recommended that they request 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-09 and to be able to qualify for the Previous Year Certified Projects Category in the FY-09 IUP.

3. By August 1, 2009, 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-09 and to be able to qualify for the Previous Year Certified Projects Category in the FY-2010 IUP.

   * **Due to the current funds availability and demand for FY-2009, all projects submitting a complete or draft facilities plan to date have been included on the fundable portion of the priority list.**

VII. FY-2009 Priority List

FINAL

Fiscal Year - 2009 Program Priority List
Mississippi Drinking Water Systems Improvements Revolving Loan Fund

Category II: Primary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Culkin Water District	Aeration Treatment, Distribution Improvements	39183	3514	10438	$1,212,750	$1,212,750
Progress Community W/A	Elevated Tank and Distribution	39475	2749	5586	$863,869	$2,076,619
Glade Water W/A	Distribution Rehabilitation & Replacement	39443	1347	3690	$1,327,949	$3,404,568

Category III: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
ACL W/A	Water Well	39145	1629	3500	$815,000	$4,219,568
SE Rankin W/A	Water Well, Tank & Transmission Line	39151	629	5000	$1,319,500	$5,539,068
Wheeler-Frankstown W/A	Supply, Storage, & Treatment	38880	426	4500	$1,241,310	$6,780,378

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. $
Hub W/A	New Well, Pressure Tank, Distribution Main	39429	653	3000	$590,625	$7,371,003

Category VII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Caledonia, Town of	New Well and Treatment Plant	39740	700	5500	$4,281,890	$11,652,893

***Funding Line 1 Partially Funding Federal Appropriation – Available Funds $11,380,314**

Category VIII: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Belzoni, City of	Rehab Wells, New Well and Distribution	39038	3179	5319	$1,210,280	$12,863,173
Brandon, City of	Raise Existing Elevated Tanks	39042	1775	24000	$1,890,000	$14,753,173

Funding Line 2 Fully Funded Federal Appropriation – Available Funds $15,476,714						
~~Hilldale Water District~~	~~Well, Treatment, and Distribution~~	~~39180~~	~~526~~	~~5505~~	~~$3,735,065~~	~~$18,488,238~~
Laurel, City of	Distribution Improvements	39440	207	22000	$5,397,248	$19,614,203
Piney Woods Country Life School	Elevated Storage Tank	39148	35	325	$540,000	$20,154,203

Category XI: Other

Project	Project Description	Zip Code	Priority Points	Service Area Population	Loan Amount Requested	Statewide Cum. $
Meridian, City of	Sludge Removal System	39525	11186	45000	$1,323,000	$21,477,203
Funding Line 3 with Remaining Match and Economic Stimulus Package – Available Funds $25,276,714						
Corinth Uty Commission	Finished Water Transmission & Dist. Line	38835	843	14054	$8,974,350	$30,451,553

* Funding Line 1 indicates available funds based on the recent information supplied by the EPA indicating the Federal Government has only funding the FY-09 Appropriation at 43% of it original amount equaling only $3,491,000.

** Funding Line 2 indicates available funds based on receiving the full amount of FY-2009 capitalization grant ($8,146,000).

*** Funding Line 3 indicates available funds based on receiving the full amount of FY-2009 capitalization grant ($8,146,000) and a possible economic stimulus package in Congress indicating an additional $10,000,000 for Mississippi's DWSIRLF.

FINAL

Fiscal Year - 2010 and After Planning List
Mississippi Drinking Water Systems Improvements Revolving Loan Fund

(Projects included on the Planning List did not meet the September 30, 2008 deadline for submission of a complete facilities plan, or had multiple requests and asked to be placed on the Planning List. 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. $
McHenry Utility Association	New Well and Elevated Storage Tank	39561	720	2500	FY-2010	$1,388,310	$1,388,310

Category III: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Diamondhead Water & Sewer District	Water Well	39525	5140	7500	FY-2010	$661,500	$2,049,810
Diamondhead Water & Sewer District	New Water Well	39525	680	7500	FY-2010	$661,500	$2,711,310
Punkin W/A	New Well and Treatment Plant	38655	575	2100	FY-2010	$1,076,000	$3,787,310

Category IV: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Diamondhead Water & Sewer District	Water Distribution Main	39525	4213	7500	FY-2010	$807,030	$4,594,340
Highway 28 W/A	Booster Station, Rehab Tank, &	39111	2172	2033	FY-2010	$328,000	$4,922,340
Diamondhead Water & Sewer District	Water Distribution	39525	1097	7500	FY-2010	$410,130	$5,332,470
Oak Hill W/A	Elevated Tank & Distribution	38863	987	4000	FY-2010	$1,410,000	$6,742,470

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	6315	18850	FY-2010	$1,492,365	$8,234,835
Hernando, City of	Distribution, Hydrants, and Elevated Tank	38632	1749	15000	FY-2010	$2,630,250	$10,865,085
Nicholson Water & Sewer Assoc.	Unserved Users, Tank, and Well	39463	47	2900	FY-2010	$3,223,920	$14,089,005

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. $
Clinton, City of	New Well & Distribution Lines	39060	4451	26000	FY-2010	$1,909,854	$15,998,859
Diamondhead Water & Sewer District	Elevated Tank & Booster Station	39525	2336	7500	FY-2010	$1,455,300	$17,454,159

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. $
Belzoni, City of	Distribution Rehab and Generator	39038	5939	5319	FY-2010	$723,603	$18,177,762
DeKalb, Town of	Rehabilitation of Elevated Tank	39328	4249	972	FY-2010	$189,000	$18,366,762
Cedar Grove-Harmony W/A	Tank Rehab, Distribution Improvements	39429	2070	1500	FY-2010	$328,125	$18,694,887

Category XI: Other

Project	Project Description	Zip Code	Priority Points	Service Area Population	Possible Funding Yr	Loan Amount Requested	Statewide Cum. $
Clinton, City of	New Radio Meter Readers; Hardware &	39060	3927	26000	FY-2010	$2,194,275	$20,889,162
Corinth Uty Commission	Raw Water Intake Structure	38835	644	14054	FY-2010	$11,746,875	$32,636,037

VIII. FY-2009 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
Culkin Water District	FY-2009-1	10438	1/15/2009	3/15/2009	1/9/2010	Loan	$1,212,750	1.95	20 years	4/9/2010	2	3514	Yes
Progress Community W/A	FY-2009-2	5700	1/15/2009	3/15/2009	3/15/2010	Loan	$863,869	1.95	20 years	6/15/2010	2	2167	Yes
Glade Water W/A	FY-2009-3	4000	1/15/2009	7/1/2009	2/26/2010	Loan	$1,327,949	1.95	20 years	5/26/2010	2	1308	Yes
ACL W/A	FY-2009-4	3500	5/31/2009	7/30/2009	5/26/2010	Loan	$815,000	1.95	20 years	8/26/2010	3	1303	Yes
SE Rankin W/A	FY-2009-5	2200	1/15/2009	3/15/2009	3/15/2010	Loan	$1,319,500	1.95	20 years	6/15/2010	3	521	Yes
Wheeler-Frankstown W/A	FY-2009-6	5900	5/15/2009	6/15/2009	4/11/2010	Loan	$1,241,310	1.95	20 years	7/11/2010	3	341	Yes
Hub W/A	FY-2009-7	2931	1/15/2009	5/15/2009	11/11/2009	Loan	$590,625	1.95	20 years	2/11/2010	6	3032	Yes
Caledonia, Town of	FY-2009-8	5500	1/15/2009	7/15/2009	7/15/2010	Loan	$4,281,890	1.95	20 years	10/15/201	7	700	Yes
****Funding Line 1 Partial of Funding Federal Appropriation – Available Funds $11,380,314**													
Belzoni, City of	FY-2009-9	5319	10/1/2009	3/1/2010	10/27/2010	Loan	$674,062	1.95	20 years	1/27/2011	8	5100	Yes
Brandon, City of	FY-2009-10	24000	1/15/2009	3/15/2009	9/11/2009	Loan	$1,890,000	1.95	20 years	12/11/200	8	4716	Yes
*****Funding Line 2 Fully Funded Federal Appropriation – Available Funds $15,476,714**													
Laurel, City of	FY-2009-11	22000	1/15/2009	4/1/2009	3/22/2011	Loan	$5,397,248	1.95	20 years	6/22/2011	8	108	Yes
Piney Woods CLS	FY-2009-12	325	1/15/2009	7/1/2009	7/1/2010	Loan	$540,000	1.95	20 years	10/1/2010	8	28	Yes
Meridian, City of	FY-2009-13	45000	1/15/2009	5/15/2009	5/15/2010	Loan	$1,323,000	1.95	20 years	8/15/2010	11	14789	Yes
******Funding Line 3 Full Federal Appropriation plus Economic Stimulus – Available Funds $25,276,714**													
Corinth Uty Commission♦	FY-2009-14	14054	9/1/2009	4/1/2010	10/3/2011	Loan	$8,974,350	1.95	20 years	1/3/2012	11	843	Yes
Small Sys. Tech Assist.	FY-2009-15	N/A	10/1/2009	10/1/2009	9/30/2010	Grant	$164,000	N/A	N/A	N/A	12	N/A	N/A
State Program Mgmt	FY-2009-16	N/A	10/1/2009	10/1/2009	9/30/2010	Grant	$814,600	N/A	N/A	N/A	12	N/A	N/A

Grand Total $30,451,553

- 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-2009 loan recipients.

\+ Project categories are defined in the Priority System on page 12 of this IUP. 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

** Funding Line 1 indicates available funds based on the recent information supplied by the EPA indicating the Federal Government has only funding the FY-09 Appropriation at 43% of it original amount equaling only $3,491,000.

*** Funding Line 2 indicates available funds based on receiving the full amount of FY-2009 capitalization grant ($8,146,000).

♦ Loan Recipient for FY-2009-14 may elect to receive partial funding of project.

IX. Expected Public Health Outcomes & Performance Measures

The objective of this program is to disperse all available loans and grant funds in a timely manner in order to achieve the public health protection benefits resulting from the projects identified in the FY-09 IUP, and to ensure compliance with loan agreements, as required by state and federal laws and regulations.

By implementing this FY-09 IUP and funding projects shown on the FY-09 Priority List (Section IV) the 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. Funding of the system projects will be determined by the amount of funding to be received for FY-2009. If both the full capitalization grant and the possible economic stimulus package occur, the public health protection outcomes resulting from the funding of these projects will be: 1) three systems will become compliant with primary drinking water standards; 2) three water systems will receive an additional water source; 3) one system will expand its service to serve existing unserved residences; 4) one system will add a backup source and treatment ; 5) five systems with five projects that are meeting primary standards will receive upgrades; and 6) one system with two projects will receive additional improvements. The success of the DWSIRLF Loan Program will be defined by the ability of the MSDH to successfully meet commitments in the FY-09 DWSRF Work Plan.

Additionally, the majority of the projects as proposed should have minimal impact on the environment due to the nature of their design. Six new wells are proposed which will increase the state's use of groundwater by a minimal amount. Three of the proposed projects will include the construction of treatment plants that may require disposal of treatment by-products (i.e. iron sludge). Appropriate environmental reviews will occur and proper permitting through the Mississippi Department of Environmental Quality will be required to ensure minimal impact on the environment. One of the proposed projects allows the system improved sludge handling for an existing 10 MGD iron removal treatment plant.

(Blank)

Appendices

(Blank)

A. FY-2009 Assumed Available Funds Mississippi DWSRF Program

The following breakdown of funds is based on an estimated appropriation of $837,494,900 after applying the required national rescissions of 2.1% will remain the same and a State Allotment formula of 1.0% for the Drinking Water SRF in Federal FY-2009.

FY-2009 National Title I DWSRF Appropriation		$	**829,029,000**
Estimated Mississippi Allotment [section 1452(m)]*		$	**8,146,000**
FY08 State Match Required (20% of Mississippi Allotment) [1]		$	1,629,200
Total			9,775,200
FY08 Bond Proceeds Available for State Match [1]		+ $	**0**
FY09 Federal Funds Captured based on Available Match		+ $	8,146,000
Total FY-09\ Federal and State Funds Available		$	8,146,000
Set-Asides			
State Program Management [section 1452(g)(2)]		+ $	814,600
Small Systems Technical Assistance [section 1452(g)(2) - 2%]		+ $	162,920
Total FY09 Set-Asides		$	977,520
Total FY09 Federal and State Funds Available		$	8,146,000
Total FY09 Set-Asides		- $	(977,520)
Total FY09 Federal and State Funds Available for Loan Obligation			**7,168,480**
Total FY-09 Federal and State Funds Available for Loan Obligation		+ $	**7,168,480**
Remaining FY08 Bond proceeds ($4.0) Available to Match Future Cap Grants less Bond Issuance Costs ($2,256)		+ $	0
Unobligated Funds Carried Over from FY-08 [2]		+ $	1,144,942
Loan Repayments Deposited	10/01/08 - 10/31/08	+ $	614,979
Interest on Fund Deposited	10/01/08 - 10/31/08	+ $	84,149
Anticipated Loan Repayments *	10/01/08 - 08/31/09	+ $	6,034,379
Anticipated Interest on Fund *	10/01/08 - 08/31/09	+ $	1,429,785
Remaining FY-09 Loan Increase Reserve ($1.0M) [3]		- $	(1,000,000)
Possible Federal Economic Stimulus Bill [4]		- $	9,800,000
Total FY-09 Funds Available for New Loan Awards			**25,276,714**
Funds Needed for Projects Funded on the FY-09 Priority List and After		- $	(30,451,553)
Funds Needed for Remaining Projects in FY-09			**(5,174,839)**

* MSDH intends to apply for the entire FY-2009 Cap Grant during FY-2009.

** During the 2008 Legislation session, the necessary bond appropriation bill was passed. Match funds become available during the 1st Quarter FY-2009. Loans awarded during the FY-2008 year expended all match dollars.

1. See Section IV.A.ii. – State Match Funds shown on page 6 of this IUP. If anticipated funds are not received as needed, additional funding lines will be drawn. As noted in Section VII, Funding Lines 1 & 2 will be in effect, if no additional match is provided thus limiting funding toward project(s) meeting planning deadlines.

2. See page 33.

3. See page 7.

4. See page 7.

FY-2008
End of Year
Funds Report
Mississippi DWSIRLF Program
October 1, 2008

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-2007.

FY-2007 National Title I DWSRF Appropriation		$	**829,029,000**
Mississippi Allotment [section 1452(m)]*		$	**8,146,000**
FY-07 State Match Required (20% of Mississippi Allotment)		$	1,629,200
Total		$	9,775,200
FY06 Bond Proceeds Available for State Match		$	**625,591**
FY08 Federal Funds Captured based on Available Match		+ $	3,127,955
*Anticipated FY08 State Match funds to be received		+ $	1,003,609
Federal Funds Captured based on Available Match		+ $	5,018,045
Total FY-07 Federal and State Funds Available		$	9,775,200
Set-Asides			
DWSRF Administrative Expenses [section 1452(g)(2) - 4%]		$	325,840
State Program Management [section 1452(g)(2)]		+ $	814,600
Small Systems Technical Assistance [section 1452(g)(2) - 2%]		+ $	162,920
Total Set-Asides		$	**1,303,360**
Total FY-08 Federal and State Funds Available		$	9,775,200
Total FY-08 Set-Asides		- $	(1,303,360)
Total FY-08 Federal and State Funds Available for Loan Obligation			**8,471,840**
Total FY-08 Federal and State Funds Available for Loan Obligation		+ $	**8,471,840**
Remaining Anticipated FY08 Bond Proceeds ($4.0M) Available to Match Future Capitalization Grants		+ $	2,996,391
Unobligated Funds Carried Over from FY-07 (Less $625,591 Bond Proceeds)		+ $	14,973,200
Loan Repayments Deposited	10/1/07 - 9/30/08	+ $	7,291,214
Interest on Fund Deposited	10/1/07 - 9/30/08	+ $	1,665,022
Loan Decreases	10/1/07 - 9/30/08	+ $	1,791,356
Loan Increases	10/1/07 - 9/30/08	- $	(2,465,377)
Remaining Loan Increase Reserve		- $	-
Total FY-08 Funds Available for Loan Awards			**34,723,646**
Funds Needed for Projects on the FY-08 Priority List and for Projects on the FY-09 Planning List Receiving FY-08 Funds		- $	(33,578,704)
Excess Funds Available for New Projects in FY-09			**1,144,942**

- MSDH applied for the entire Cap grant during FY-08.
- See Section IV.A.ii. – State Match Funds on page 7 of this IUP. During the 2008 Legislation session, the necessary bond appropriation bill was passed. Match funds

became available during the 1st Quarter FY-2009. Loans awarded during FY-2008 expended all match dollars.

B. Projected Schedule of Outlays

I. Projected Schedule for Projects ~~and Grants~~

Projects	2Q FY-09	3Q FY-09	4Q FY-09	1Q FY-10	2Q FY-10	3Q FY-10	4Q FY-10	1Q FY-11	2Q FY-11	3Q FY-11	4Q FY-11	1Q FY-12	Totals
Culkin Water District	$148,750	$319,200	$319,200	$319,200	$106,400	$0	$0	$0	$0	$0	$0	$0	$1,212,750
Progress Community W/A	$100,190	$188,305	$188,305	$188,305	$188,305	$10,459	$0	$0	$0	$0	$0	$0	$863,869
Glade Water W/A	$110,293	$47,057	$438,975	$438,975	$292,649	$0	$0	$0	$0	$0	$0	$0	$1,327,949
ACL W/A	$0	$64,400	$243,030	$217,530	$217,530	$72,510	$0	$0	$0	$0	$0	$0	$815,000
SE Rankin W/A	$144,000	$289,849	$289,849	$289,849	$289,849	$16,104	$0	$0	$0	$0	$0	$0	$1,319,500
Wheeler-Frankstown W/A	$0	$138,310	$330,900	$330,900	$330,900	$110,300	$0	$0	$0	$0	$0	$0	$1,241,310
Hub W/A	$50,625	$108,750	$258,750	$172,500	$0	$0	$0	$0	$0	$0	$0	$0	$590,625
Caledonia, Town of	$331,335	$127,435	$942,687	$942,687	$942,687	$942,687	$52,372	$0	$0	$0	$0	$0	$4,281,890
Belzoni, City of	$0	$0	$0	$70,425	$108,991	$211,991	$211,991	$70,664	$0	$0	$0	$0	$674,062
Brandon, City of	$165,000	$862,500	$862,500	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,890,000
Laurel, City of	$456,562	$792,192	$592,642	$592,642	$592,642	$592,642	$592,642	$592,642	$592,642	$0	$0	$0	$5,397,248
Piney Woods Country Life	$45,600	$20,000	$116,975	$116,975	$116,975	$116,975	$6,500	$0	$0	$0	$0	$0	$540,000
Meridian, City of	$93,000	$128,630	$295,890	$295,890	$295,890	$213,700	$0	$0	$0	$0	$0	$0	$1,323,000
Total FY-09 Projects	$1,645,355	$3,086,628	$4,879,703	$3,975,878	$3,482,818	$2,287,368	$863,505	$663,306	$592,642	$0	$0	$0	$21,477,203
FY-10 Projects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total All Projects	$1,645,355	$3,086,628	$4,879,703	$3,975,878	$3,482,818	$2,287,368	$863,505	$663,306	$592,642	$0	$0	$0	$21,477,203
Federal FY-2009 Cap. (29.2%)	$0	$0	$0	$3,787,544	$3,380,936	$0	$0	$0	$0	$0	$0	$0	$7,168,480
State Match FY-2009 (Expended in FY-2008)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Funding (31%)	$0	$0	$0	$0	$101,882	$2,287,368	$863,505	$663,306	$592,642	$0	$0	$0	$4,508,723
**2009 Economic Stimulus (39.9%)	$1,645,335	$3,086,628	$4,879,703	$188,334	$0	$0	$0	$0	$0	$0	$0	$0	$9,800,000
Total Funding	$1,645,355	$3,086,628	$4,879,703	$3,975,878	$3,482,818	$2,287,368	$863,505	$663,306	$592,642	$0	$0	$0	$21,477,203

* Other Funds include DWSIRLF Bond proceeds, DWSIRLF Loan Repayments, and money recovered from loan amendments. Please note designated state match was spent on 2008 loans and should be considered as a "banked credit" towards required 20% state match.

**Potential economic stimulus package funding to the loan program. This would be above and beyond the standard capitalization grant.

II. Projected Schedule of Outlays for Set-asides

Federal	3Q FY-09	4Q FY-09	1Q FY-10	2Q FY-10	3Q FY-10	4Q FY-10	1Q FY-11	2Q FY-11	Totals
Small Sys. Tech Assist.	$0	$0	$40,730	$40,730	$40,730	$40,730	$0	$0	$162,920
State Program Mgmt	$0	$0	$203,650	$203,650	$203,650	$203,650	$0	$0	$814,600
Total Set-Asides	$0	$0	$244,380	$244,380	$244,380	$244,380	$0	$0	$977,520

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-2009 No. 1 of 3	4th Quarter FY-2009	$ 1,300,000	$ 1,300,000
FY-2009 No. 2 of 3	1st Quarter FY-2010	$ 4,700,000	$ 6,000,000
FY-2009 No. 3 of 3	2nd Quarter FY-2010	$ 2,146,000	$ 8,146,000

D. Projected Schedule of Drawdown's Against Federal Letter of Credit (ACH Draw Schedule)

Outlay Quarter	Federal Outlay Amount	Cumulative Outlay Amount
1Q FY-2009	$ 1,125,000	$ 1,125,000
2Q FY-2009	$ 4,510,000	$ 5,635,000
3Q FY-2009	$ 2,350,000	$ 7,985,000
4Q FY-2009	$ 161,000	$ 8,146,000

E. Mississippi Small Systems Technical Assistance Set-Aside Workplan

INTRODUCTION

The Mississippi State 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 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. Two of the contracts described below are for a two-year period with an optional third year. The Board Management Training Monitoring and Coordination for Water System Officials conducted by Mississippi State University is set for a two-year period and will expire for June 30, 2010. 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. .

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 State Department of Health (MSDH) 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 MSDH, which nine (9) systems are to receive comprehensive technical assistance, complete an initial assessment of the needs of each of the nine (9) systems, and develop a work plan for each water system. The contractor shall submit the assessment and work plan for each system to MSDH for approval prior to beginning to provide technical assistance.

MSDH shall use its latest report of Capacity Ratings of Public Water Systems, along with the recommendations of MSDH 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. Nine (9) systems will be chosen from a prepared list.

Reporting/Evaluation - written progress reports using a format approved by MSDH will be furnished monthly to MSDH 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 MSDH 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 MSDH will be furnished monthly to MSDH 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. MSDH 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 MSDH 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. **Coordination and Monitoring of Board 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 MSDH 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 MSDH and the Board members a written report within 7 days of attendance in order to prepare a report to MSDH 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 MSDH 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 MSDH along with the invoices for work performed under the contract. MSDH, 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 MSDH 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 November 21, 2008, a legal notice was published to request public comments on the Draft FY-09 Intended Use Plan (IUP) that will set-aside $814,600 of the State's FY-09 Drinking Water State Revolving Fund (DWSRF) capitalization grant for State Program Management activities to support the Mississippi State Department of Health (MSDH), FY-2010 Public Water Systems Supervision Program (FY-10 PWSS Program) as allowed under Section 1452(g)(2) of the Safe Drinking Water Act (SDWA) Amendments of 1996. After a public comment period a public hearing will be held on December 19, 2008, to receive and consider comments from the public on the draft IUP. After resolution of any comments from the public, the final FY-09 IUP will be presented to the Board for adoption during the next scheduled Board meeting. The Final IUP will be effective thirty days from the date of the Board's adoption.

This work plan describes how FY-09 DWSRF State Program Management set-aside funds will be expended to support the FY-10 PWSS Program which will operate from October 1, 2009 to September 30, 2010.

FUNDING AMOUNT

The State reserves $814,600 of its FY-09 Drinking Water State Revolving Fund capitalization grant to be set-aside for State Program Management activities to support the FY-10 PWSS Program. The reserved amount represents 10% of the State's expected FY-09 capitalization grant and is specified for expenditure during FY-10.

Cost Breakdown	
Administrative/Staffing	$367,759
Fringe Benefits	$ 94,784
Capacity Assessment Processing Costs	$ 5,000
Contractual Agreements	$254,690
Indirect Costs	$ 92,367
Total Funding Amount	**$814,600**

NUMBER OF FTE's PROJECTED FOR IMPLEMENTING THIS SET-ASIDE

The State projects forty-four (44) FTEs will be required to implement the FY-09 10 PWSS Program. A total of 5.5 FTEs will be funded by this set-aside. $462,543 will be reserved from the FY-09 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	2.0
Environmental Engineer III	1.0
Environmental Engineer II	1.0
Environmental Engineer-In-Training	0.5
Division Director I	1.0
Total FTEs	**5.5**

The remaining $254,690 will be used for indirect costs, supplies and possible contractual services for technical assistance needed to accomplish the requirements of the FY-10 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. MSDH's FY-10 PWSS 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, MSDH 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 public water systems (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 EPA Region 4 of any special state initiatives under the rules or provisions of the SDWA; maintaining records for all rule/policies, enforcing 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 PWSs 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; notifying (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, MSDH 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. MSDH 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 PWSS program, monies from this set-aside provide support to activities that are of a non-primacy nature. Those activities 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 PWS's 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, MSDH has developed and implemented a CD program for both new and existing PWSs. The MSDH CD 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 incorporate 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 PWSs in the state. Additionally, annual documentation of ongoing implementation of the CD strategy is to be provided with DWSRF Capitalization Grant application.

Unregulated Contaminant Monitoring Rule

This particular aspect of the PWSS involves informing systems with populations greater than or less 10,000 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 mandated by the SDWA to maintain full funding for the DWSIRLF, operator certification is an essential part of the PWSS 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, MSDH reports to EPA on Source Water Assessment Program implementation activities. In FY97, a set-aside for DWSIRLF allowed MSDH 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 PWSs.

Auxiliary Services

These services include various aspects related to data management, compliance and enforcement of the PWSS 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 MSDH FY-10 PWSS Work plan.

AGENCY RESPONSIBILITIES

The MSDH 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 MSDH to successfully meet commitments in the FY-10 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 2009 State Program Management Set-aside

	FY 1993	FY 2009
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	$128,266	$1,653,196
State PWSS Expenditures Claimed for 1:1 SPM Match	$128,266	$814,600

Mississippi requests $814,600 of its FY-2009 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, $814,600 in additional State funds will be required. The State provided $1,653,196 above the State's PWSS match requirement in FY-2009. This contribution is provided through the collection of Water Quality Analysis Fees by the Bureau of Public Water Supply. In accordance with Section 1452(g)(2) of the SDWA of 1996, the State claims $814,600 from its FY-2009 PWSS overmatch as credit to satisfy the $814,600 additional State match required to set-aside $814,600 of its FY-2009 Capitalization Grant for SPM activities.

H. Coordination Schedules for Jointly Funded Projects

FY-2009 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, 2008	Mississippi Appalachian Regional Office (MARO) notifies potential applicants & local Planning & Development Districts of the September 1, 2008, deadline for submitting complete ARC grants applications.	(N/A)	(N/A)
Sept 1, 2008	All FY-09 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, 2008**	Deadline for loan applicant to submit a complete DWSIRLF facilities plan to MS State Department of Health (MSDH). 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 State Department of Health (MSDH). 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 State Department of Health (MSDH). 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, 2008	MS State Dept of Health (MSDH) notifies MARO of loan applicants who have submitted complete facilities plans which indicate anticipated FY-2009 ARC funding. MARO notifies MSDH of ARC grant applicants who submitted pre-applications which indicate anticipated FY-09 DWSIRLF funding.	MS State Dept of Health (MSDH) notifies Mississippi Development Authority (MDA) of loan applicants who have submitted facilities plans which indicate anticipated FY-2009 CDBG funding.	MS State Dept of Health (MSDH) notifies U. S. Department of Agriculture, Rural Utilities Service (RUS) of loan applicants who have submitted facilities plans which indicate anticipated FY-2009 RUS funding
Nov 15, 2008	MARO completes review of FY-09 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, 2008	MARO notifies local Planning & Development Districts of projects that have been selected for the P1 (fundable priority list). MARO will copy MSDH on these notification letters if grantee has indicated that it is pursuing DWSIRLF loan funds for the project. MSDH will not award a DWSIRLF loan until this notification from MARO is provided.	(N/A)	(N/A)

	ARC	CDBG	RUS
Oct 18, 2008	(N/A)	CDBG program application workshops.***	(N/A)
Nov, 2008	MSDH advertises Draft DWSIRLF FY-2009 Intended Use Plan for public comment.	MSDH advertises Draft DWSIRLF FY-2009 Intended Use Plan for public comment.	MSDH advertises Draft DWSIRLF FY-2009 Intended Use Plan for public comment.
Dec 30, 2008	Deadline for all FY-09 Priority 1 documentation and forms to be submitted to MARO.	(N/A)	(N/A)
Dec, 2008	Board adopts FY-2009 DWSIRLF Intended Use Plan accounting for anticipated ARC award amounts if identified in facilities plan.	Board adopts FY-2009 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&8/2008	Board adopts FY-2009 DWSIRLF Intended Use Plan, accounting for anticipated RUS award amounts if identified in facilities plan.
Jan 20, 2009	(N/A)	Deadline for a CDBG grant applicant to submit a water viability review form to MDA.	(N/A)
Jan, 2009	MSDH notifies MARO of projects included on final FY-2009 Priority List that anticipate receiving FY-2009 ARC funds.	MSDH notifies MDA of projects included on the Final FY-2009 Priority List that anticipate receiving FY-2009 CDBG funds.	MSDH notifies RUS of projects included on the final FY-2009 Priority List that anticipate receiving FY-2009 RUS funds.
Feb 1, 2009	MARO sends project applications to ARC-Washington to start final funding approval process.	(N/A)	(N/A)
Feb 16, 2009	(N/A)	CDBG public facilities applications, along with one copy of the DWSIRLF loan application with maps and appropriate attachments, will be accepted from 2/16/2009 until 4:00 p.m. on 2/17/09.	(N/A)
Feb- Jun, 2009	ARC-Washington starts the final funding approval process and awards ARC grants during the spring or summer of 2009.	(N/A)	(N/A)
Mar, 2009	(N/A)	MDA provides notification to MSDH that complete CDBG applications have been received.	(N/A)

	ARC	CDBG	RUS
May 1, 2009**	Deadline for loan applicants to submit a completed DWSIRLF loan application to MSDH 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 MSDH 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 MSDH 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, 2009	(N/A)	MDA provides notification to MSDH of which projects fall within the funding range for CDBG grants for construction contingent upon matching funds being in place. (NOTE: MSDH will not award a DWSIRLF loan until this notification from MDA is provided.)	(N/A)
Jun, 2009	MSDH provides notification to MARO that complete DWSIRLF loan applications have been received.	MSDH provides notification to MDA that complete DWSIRLF loan applications have been received. MDA provides conformation to MSDH of which projects fall within the funding range for CDBG grants for construction contingent upon matching funds being in place.	MSDH provides notification to RUS that complete DWSIRLF loan applications have been received.
(Upon Grant Award)	MARO provides notification to MSDH that ARC awards have been made.	MDA provides notification to MSDH that CDBG awards have been made.	RUS provide notification that RUS awards have been made
Aug 1, 2009**	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, 2009	Loan applicants receive DWSIRLF loan awards from MSDH. 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 MSDH. 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 MSDH. 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 MSDH with a copy of letter from RUS which states their project will be funded only contingent upon receipt of DWSIRLF matching funds. MSDH will not award a DWSIRLF loan until that notification from RUS is provided.

	ARC	CDBG	RUS
(Upon Loan Award)	MSDH sends a copy of the award letter to MARO.	MSDH sends a copy of the award letter to MDA.	MSDH 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-2009 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 (DWSELF). 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 DWSIRLF 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 IUP 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 IUPs; 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 IUP 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 IUP. 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 MSDH's website at www.msdh.state.ms.us/dwsrf.

   A public hearing will be held at 9:00 a.m. on Tuesday, December 19, 2008, to receive written and oral comments on this IUP. A transcript of the public hearing recording the comments and recommended solutions will be submitted to EPA along with the Final IUP. If anyone would like to receive a copy of the public hearing transcript they should contact Ulysses Conley at (601) 576-7518 to request copies.

4. The State certifies that all drinking water facility projects in this IUP 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 Program 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 (SERP).

8. The State certifies that prior to adding any new projects to the FY-2010 and After Planning List for the purpose of funding such a project during FY-2009 that the State will follow the "Mississippi Administrative Procedures Law" in amending this IUP in order to allow for public review and comments.

9. The State certifies that it has developed and implemented a CD 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 SDWA. This CD program is currently approved by EPA.

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