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-2009 Intended Use Plan Amendment #3

Date: July 24, 2009

The Local Governments and Rural Water Systems Improvement Board (Board) established a public comment period on the Final FY-2009 Intended Use Plan (IUP) Amendment #2 for the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program through 9:00 a.m. on July 10, 2009. Written comments were received until that time, at the address noted below.

The Board held a public hearing at 9:00 a.m., Friday, July 10, 2009, in Room U-232, 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. Comments made by the public at the hearing included requests by potential loan recipients to be added to the FY-2010 and After Planning List, and additional clarification in regards to the "American Recovery and Reinvestment Act" (ARRA).

As previously stated, the Mississippi DWSRF will receive additional ARRA funding in the amount of **$19.5 Million** for loans to the State's water systems and set-asides. Loans made with these funds will have a varying amounts of **principal forgiveness**, so it is vital for ranked systems to get their project(s) **"Ready To Go"** as soon as possible. It is anticipated that every loan will receive some amount of principal forgiveness up to half of the ARRA allotment. The amount of principal forgiveness is based on the system's median household income (MHI) vs. the State's MHI. Details on amount forgiven per system are outlined on page 16 and listed on the priority and planning lists of the IUP. Once that funding level is achieved, the program will resume with normal loan parameters. Furthermore, ARRA requires that 20% of the funds will go to the construction of "Green Infrastructure" as defined in EPA guidelines. To achieve this requirement, projects of higher ranking maybe by-passed by lower ranked project.

The Final FY-2009 IUP Amendment #3 reflects a 1.95% loan interest rate for all FY-2009 projects with a 20-year repayment period. It contains a Priority List of projects to receive loan funding which has been prioritized in accordance with criteria previously approved by the Board. Additionally, loans made with ARRA funding during FY-2009 will receive a certain percentage of additional subsidization in the form of principal forgiveness as long as the money is available. See page 16 for details regarding principal forgiveness.

The Board urges all applicants with projects on the FY-2009 Priority List to pay particular attention to Sections A. (pages 14-17) and D. of the Priority System (pages 23) which establishes guidelines for the

use of ARRA funds and certain deadlines for FY-2009 projects. These deadlines have been established 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 on the FY-2010 and After Planning List are strongly encouraged to continue working on their projects. Additional funds may become available for award should funded projects fail to meet the established deadlines within the priority system and ARRA requirements. These released funds will 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-2009. Regardless, all projects **must be ready for loan award by September 20, 2009** and be able to satisfy the **ARRA funding timeline requirement that projects must be under construction or under contract by February 17, 2010**.

Systems having projects on the FY-2009 Priority and Planning Lists must fill the "**American Recovery and Reinvestment Act Project Consideration Form",** if they wish to be considered for ARRA funds with principal forgiveness. Additionally, **consulting engineers** working on getting projects to construction should review new **guidelines and memos available to aid in compliance** with the provisions of ARRA. The guidelines, memos and necessary forms can be found at our website www.healthyms.com/dwsrf.

ACT QUICKLY TO SECURE FUNDING

Considering the above, systems with projects currently on the FY-2009 Priority List and on the FY-2010 and After Planning List need to **move quickly to finish or begin the facilities planning process and submit a loan application**. It is also highly recommended that those systems **also begin the design and land acquisition AS SOON AS POSSIBLE** in order for projects to be able to meet the strict criteria.

Copies of the Final FY-2009 IUP Amendment #3 are being mailed to those prospective loan recipients who have projects listed on the FY-2009 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 MSDH website at www.healthyms.com/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
AMENDMENT 3

Presented to the Board for Comment
June 5, 2009

MISSISSIPPI STATE DEPARTMENT OF HEALTH

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS

IMPROVEMENTS BOARD

P. O. BOX 1700 SUITE U-232

JACKSON, MISSISSIPPI 39215-1700

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

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND

FY-2009 INTENDED USE PLAN
AMENDMENT #3
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Purpose of Amendment No. 3 to the
FY-09 Intended Use Plan

The Purpose of this amendment is to revise the Final FY-09 Intended Use Plan Amendment #2 to reflect the following changes:

- To amend Section IV.A. to inform as to how the ARRA Set-asides will be used in funding drinking water technical assistance as reflected in workplans.

- To amend Section IV.C.4., to reflect that the head of the DWSIRLF Program may have to certify that the project is an appropriate use of taxpayer use of dollars pending final determination from the EPA.

- To amend Section IV.C.4. to reflect that systems funded all or in part with ARRA funds will be required to adhere to the following additional requirements: Use of American iron, steel, and manufactured goods, Davis Bacon Act, and appropriate reporting requirement as indicated by the Act. Appropriate language will be added to all 2009 loan agreements identifying the additional responsibilities for loan recipients.

- To amend Section IV.C.4. to inform that systems vying for "Green Infrastructure" classification will be required to present a "business case" establishing justification for the classification request.

- To amend Section IV.A.5. to clarify that the amount of principal forgiveness (PF) given will be assigned at loan award and will not change after the project goes to the bid phase.

- To amend the "2010 and After Planning List" in Section VII to include the following new requests for ranking:

McComb, City of	- Replacement Flushing Hydrants
McComb, City of	- Installation of New Water Lines
McComb, City of (2)	- Distribution System Improvements
Adams Co. W/A	- Installation of New Water Mains
Gulfport, City of	- Installation of Distribution Mains
Gulfport, City of	- New Well and Distribution Improvements
McComb, City of	- New Well and Replacement of Older Well
Gulfport, City of	- Installation 12" Connection
Gulfport, City of	- Install Larger Water Lines and Mains
Gulfport, City of	- 1,000 GPM Well
Lexie W/A	- Rehab/Upgrade Existing System
McComb, City of	- Install New Storage/Pumping/Aeration/SCADA
Kokomo-Shiloh W/A	- New 400 GPM Well/Rehab
Gulfport, City of (3)	- Installation of Larger Water Lines and Mains
Lumberton, City of	- Replace/Upgrade Water Mains
McComb, City of	- Install AMR System
West Point, City of	- Upgrade SCADA/Rehab Tanks/Chlorine Analyzers
Bude, Town of	- New Well / Water System Improvements
South Newton Rural	- Installation of Water Mains/Rehab Standpipe

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. This legislation also allows the DWSIRLF, subject to the authority of State Law, to make loans that may utilize additional subsidization beyond standard DWSIRLF loans as well as setting appropriate criteria to determine eligible recipients.

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 of 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 DWSIRLF 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. This allotment will apply to the funds supplied through the American Recovery and Reinvestment Act (ARRA) of 2009. 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. State match for funds associated with the ARRA will not be required. The purpose of this IUP is to convey the State of Mississippi's

(State) DWSRF plan for FY-2009 to EPA, other state agencies, the state's public water supplies, and the general public. This IUP will be used as a part of the state's application for funds appropriated under the ARRA. As stated previously, this IUP outlines how the state will spend standard DWSIRLF funds, but it also gives details as to how the state will spend funds associated with the ARRA. Additionally, it should be noted that requirement of the State Attorney General opinion in regards to the DWSIRLF has been waived for ARRA funds.

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 February 3, 2009. 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 for the standard capitalization grant with an additional $19,500,000 to be allotted to the state through the recently passed ARRA. 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, both standard and ARRA, 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, July 10, 2009. 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

a. 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.

b. 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.

6. ARRA Goals: In order to utilize funds associated with the ARRA, very specific goals must be met. These specific goals are outlined here:
   a. Appropriately disburse funds from the ARRA in a manner consistent with federal law and EPA supplied guidelines. This includes compliance with the specific requirements of: 20% of fund project designated for "Green

Infrastructure" and 50% of total ARRA funds must be disbursed with additional subsidization beyond a below market interest rate, and funding projects that are or will be ready to start construction no later than February 17, 2010.

b. The State's goals for the use of these funds via funding projects are to create jobs, promote economic recovery, and generate long-term benefits from the infrastructure investment.
c. The State will ensure that all assistance available under this capitalization grant are in full conformance with the deadlines established under the ARRA and the terms and conditions of the capitalization grant award. Loans made through the program must maintain necessary pace to meet the goal of construction starts by February 17, 2010.

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:
   a. Administrative Set-aside: Used to administer the loan program and other non-project-related activities.
   b. 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)

c. 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. Funds supplied through the ARRA do not require additional state match.

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. An additional $19,500,000 from the ARRA federal allotment will be used for additional loans and set-aside activities. $17,347,500 will be used for loans, with an estimated $2,152,500 of the ARRA funds to be used 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.~~ Set-aside use for standard capitalization grant and the ARRA are outlined in Section V. of this IUP. Necessary workplans showing utilization of these funds are found at the end of this IUP.

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 used to match the FY-2006 cap grant ($8,229,300).
   - $1,645,800 was used to match the FY-2007 cap grant ($8,229,000).
   - $625,591 was 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 for FY-2009 and 2010. 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. Funds available through the ARRA will not require any additional state match to obtain those funds.

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. American Recovery and Reinvestment Act (ARRA)
   To combat the current troubled economic climate facing the country today, the President has recently signed legislation that has authorized additional funding to the DWSIRLF program. The economic recovery funding to the loan program will require no additional state match and will be $19.5 Million. Standard set-asides, with the exception of the 15% Local Assistance and Other State Programs, are allowed. The 10% State Program Management one-to-one match requirement is still necessary with this recovery package. Funds given to the state through the ARRA will be applied for in a manner similar to the yearly capitalization grant. Appendices A and B have been revised to reflect this potential funding source. Additionally, the ARRA requires that not less than 20 percent of the ARRA funds appropriated herein for the Revolving Funds shall be designated for green infrastructure, water efficiency improvements or other environmentally innovative projects. Furthermore, 50% of the total ARRA funds used to make loans must have additional subsidization beyond normal interest rates. The ARRA has a goal of giving preference to projects that can be initiated within 120 days of ARRA enactment and having at least 50% of available ARRA assistance for early

construction initiation. The state will take whatever steps it can to move projects from planning to construction as soon as possible.

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 ensure 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 (20) 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 the pay for DWSIRLF program administrative costs will be collected through an administration fee of 5% of the initial loan principal. This fee will be collected from the interest portion of loan repayments on all FY-2009 loans. There is approximately $1,900,000 in this program administration fund at this time. The Department expects to receive an additional $805,000 over the course of approximately two years after FY-2009 loans have been closed out and have begun repayments. This amount is pending the receipt of the full requested EPA Cap Grant amount.

4. ARRA Funds
   Funds from the ARRA have additional federal requirements. Twenty percent of projects funded through the ARRA must be "Green Infrastructure" in nature. Additionally, 50% of projects funded with ARRA must have additional subsidization beyond low interest rates. That additional subsidization could take the form of principal forgiveness, negative interest rates, or a combination of the two. Regardless of the amount of principal forgiveness to the potential loans, remaining funding amounts will be assigned the standard interest rate, repayment terms, and be amortized as a full standard loan. Loans made with all or part ARRA funds will have added loan conditions asking for timely progress towards the construction phase of the project either through a signed contract or actual construction. The head of the DWSIRLF Program will certify that the project is an appropriate use of taxpayer dollars, and it is anticipated that ~~It will also be required that~~ the authorized official (mayor, board president, etc.) will also have to certify that the project is an appropriate use of taxpayer dollars. Systems funded all or in part with ARRA funds will be required to adhere to the following additional requirements: Use of American iron, steel, and manufactured goods,

Davis Bacon Act, and appropriate reporting requirements as indicated by the Act. Appropriate language will be added to all 2009 loan agreements identifying the additional responsibilities for loan recipients.

5. Other Related Issues
   a. *Type of Assistance Provided:* The 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. With the additional funds afforded through ARRA, the DWSIRLF will be able to make loans that will have a significant amount of principal forgiveness. Once ARRA funds have been depleted, loans will return to standard terms without principal forgiveness. In all cases, these loans will be for the construction of eligible drinking water production, treatment and distribution facilities.

   b. *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.

   c. *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.

   d. *Pre-Award Costs:* Project costs incurred prior to loan award will be DWSIRLF loan eligible provided:
      i. 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.
      ii. 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.
      iii. 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.
      iv. The prospective loan recipient agrees that by incurring costs prior to loan award, no future commitment of funding a refinanced project is provided.

   e. *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. To facilitate the use of ARRA funds, the priority list may be adjusted in order that funds may be disbursed according to the federal requirements.

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 funds 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

Standard Capitalization Grant
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 Board wishes to implement a new fee collection method in conjunction with this IUP. Currently, the administrative fee is collected in the first payment request. The new method will collect the fee during the initial months of the 20-year repayment period. Continuing to reserve the funds from FY-03, FY-04, and now FY-09 is necessary to ensure that administrative funds will be available during the lengthy transition to the new administrative fee collection method. It is expected that the administrative funds will deplete more rapidly and the additional reserved administrative set-aside funds will be required for continued program operation. These reserved funds will also assist in the funding of positions after ARRA funds expire.

ARRA
To prepare for the increased funding associated with the implementation of the ARRA, the State wishes to set-aside $300,000 to offset the administrative expenses from the additional unexpected loans made through the DWSIRLF.

B. Small System Technical Assistance

Standard Capitalization Grant
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.

ARRA
The State wishes to set-aside the full available two (2%) percent of the ARRA to provide additional technical assistance to public water systems serving under 10,000 population. The State intends to use this additional funding to provide training and assistance to aid public water systems in maintaining compliance with existing and new Safe Drinking Water Act regulations such as the Disinfection By-Products Rule and the Ground Water Rule. Additionally, funds will be used to provide assistance to systems needing help with the treatment problems and monitoring issues associated with providing proper fluoridation treatment to customers.

C. State Program Management

Standard Capitalization Grant
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.

ARRA
Of the ARRA funds to be received, the State intends to set-aside 7.5% of the total to fund additional staff to further achieve the goals and objectives of the PWSS program and to ensure public water system compliance with existing regulations, as well as newly implemented regulations. Additionally, funds will be used to provide assistance to systems needing help with the treatment problems and monitoring issues associated with providing proper fluoridation treatment to customers.

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. ARRA Green Infrastructure Requirement
   Additionally, the ARRA funds have the stipulation that not less than 20 percent of the funds appropriated for the Revolving Funds shall be designated for green infrastructure, water efficiency improvements or other environmentally innovative projects. To achieve this requirement, projects with higher rankings may be bypassed in order for the State to achieve this non-negotiable federal requirement. The state must certify to EPA Region IV within 120 days that this requirement will be met or additional solicitations for projects will be made. Currently, four projects have been designated as meeting the necessary objectives of the 20% requirement of the ARRA. Where it is not clear that a project or component qualifies to be included as counting towards the 20% requirement, the files for such project will contain documentation of the case on which the project was judged to qualify based on the guidance supplied by the EPA. In the event that additional projects are needed to fulfill the 20% requirement of the ARRA, the State will take the appropriate steps to make solicitations for those projects. <u>Systems vying for "Green Infrastructure" classification will be required to present a "business case" establishing justification for the classification request.</u>

3. Loan Decreases
   Any funds recovered from loan decreases during the year will be used: a) first to fund bid overruns, if funds from the loan increase reserve are not sufficient to cover the bid overruns; b) 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 c) 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.

4. 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.

5. American Recovery and Reinvestment Act (ARRA)
   The ARRA was signed into law on February 17, 2009. As mentioned previously, the ARRA will increase project funding for the DWSIRLF significantly for FY-2009. The goal of the Act is to create jobs and ensure stability for the economy. For the sake of putting the ARRA funds into the marketplace as soon as possible, the Act gives the state the ability to set special priority to projects that will be under construction by ~~February~~ June 17, 2009. In addition to the requirements associated with standard DWSIRLF loans, ARRA funds allow the state to also give special priority consideration to job creation, economic hardship, and environmental benefits through the 20% "Green Infrastructure" requirement. To ensure that the funds stay in the State, all potential projects must have a construction start date prior to February 16, 2010.

   Utilizing our current priority ranking structure, projects will be funded based on readiness to proceed. Priority will be given to projects that have met existing deadlines and are ready to proceed to the construction phase. As mentioned previously, ARRA funds have the added requirement that 20% of the funds must go to projects that are designated for green infrastructure, water efficiency improvements, or other environmentally innovative projects.

   Projects that are solely for rehabilitation, replacement, upgrade, or expansion will most likely be eligible to receive an environmental exclusion (CE) pending EPA ARRA guidelines, with the idea that these projects could proceed quickly. The Board will give funding priority to projects that will be ready to proceed by July 31, 2009. Remaining ARRA funds not committed by July 31, 2009, will be given to other projects based on readiness to proceed.

   Projects submitting facilities plans should also submit a complete loan application so as to be ready when funds become available for award. It is highly recommended that systems begin plans and specifications preparation immediately to ensure that construction can begin as soon as possible. Additionally, systems wishing to receive funds from the ARRA with the additional subsidization must submit the "**ARRA Project Consideration Form**". Information captured through this form will be used in the determination of the system's readiness to proceed. This form will be mailed to all systems currently on the priority and planning lists and to new systems requesting funding by submission of the "**Request for Project Ranking and Consideration**."

   Subsidization for ARRA Funding
   The Governor's order requires that the Mississippi State Department of Health, in conjunction with the Local Governments and Rural Water Systems Improvements Board, establish the process and criteria for determining the amount of additional subsidy on a project-specific basis. The following is the process and criteria that MSDH and the Board will use:

As required by law, 50% of ARRA Grant amount must provide additional subsidization. This will be provided to eligible recipients through principal forgiveness within the existing loan framework. The amount of principal forgiveness will be determined by the following: The median household income of the potential loan recipient (LR) versus the median household income of the State of Mississippi ($35,903) as a percentage. A range of MHI income and a percentage of subsidy are as follows:

LR MHI > 100%	- 15% Principal Forgiveness
90% < LR MHI < 100%	- 25% Principal Forgiveness
80% < LR MHI < 90%	- 35% Principal Forgiveness
70% < LR MHI < 80%	- 45% Principal Forgiveness
LR MHI < 70%	- 55% Principal Forgiveness

This principal forgiveness will extend to projects until all ARRA funds are obligated to projects. <u>The amount of principal forgiveness (PF) given will be assigned at loan award and will not change after the project goes to the bid phase.</u> Once ARRA funds are depleted, only standard loans will be made with DWSIRLF funds.

Avoidance of Reallotment/Relationship to Base Program

In order to meet the requirements and deadlines of the ARRA for the expeditious and timely commitment and expenditure of funds, DWSIRLF Program will regularly report (DWSRF Project Tracking System) and review the data given to EPA on the progress of assistance recipients under the statutory deadlines specified in this IUP to identify any issues with the timeliness of this progress. If such issues are identified, the DWSIRLF Program intends to work with EPA to resolve such issues as may place the State at risk of re-allotment, if not timely resolved. The State will include conditions in its loan agreements to ensure that assistance recipients make timely progress with respect to entering into contracts and/or construction. If a recipient fails to maintain progress with these conditions, they will receive funding from other DWSIRLF monies if available so that ARRA funding can be provided for a project that is ready to proceed.

The State understands that the EPA may deobligate grant funds from states that fail to meet requirements on use of funds. The DWSIRLF Program intends to avoid deobligation of funds. If the State is eligible for additional funds made available from other states that fail to meet deadlines, the State will provide EPA with a list of projects from its priority list that are ready to proceed to construction, and will also provide a certification through an amendment to this IUP that all funds received for these projects will be under contract for construction within 120 days of re-allotment.

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.

1. *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.

2. *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.

3. *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.

4. *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.

5. *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.

6. *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.

7. *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.

8. *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.

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

10. *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.

11. *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:

1. *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).

2. *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.1. 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.

3. *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)

4. *System Capacity*
   Any project that includes scope of work to address critical design capacity issues (systems that are currently overloaded or within two (2) years of reaching their current design capacity, as determined by 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)

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

6. *Participation in the EPA or MSDH Drinking Water Needs Survey*
   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)

7. *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.

8. *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 (12) 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 (12) year period, 39.5% of all funds awarded went to small communities less than 10,000 population. In FY-08 15.6% of all available DWSIRLF funds were awarded to small communities with populations less than 10,000.

9. *ARRA Green Infrastructure Requirements*
   Funds from the ARRA of 2009 have the stipulation that not less than 20 percent of the funds appropriated for the Revolving Funds shall be designated for green infrastructure, water efficiency improvements or other environmentally innovative projects. To achieve this requirement, projects with higher rankings may be bypassed in order for the State to achieve this non-negotiable federal requirement.

10. *ARRA Construction Requirements*
    Provisions in the ARRA allow the State to give special consideration to projects that could be under contract or in construction as soon as possible but no later than 12 months from the signing of the ARRA. Additionally, the State must certify to the EPA that all ARRA funds have been obligated and under contract or in construction within 12 months from the signing of the ARRA.

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) 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-2009 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 Department. 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	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Culkin Water District	Aeration Treatment, Dist. Improvements	39183	3514	10438	ARRA	$173,250	E,W - $361,760	$1,155,000	$1,155,000
Progress Community W/A	Elevated Tank and Distribution	39475	2749	5586	ARRA	$123,356		$822,375	$1,977,375
Glade Water W/A	Distribution Rehabilitation & Replace	39443	1347	3690	ARRA	$316,178	E,W - $923,003	$1,264,713	$3,242,088

Category III: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
ACL W/A	Water Well	39145	1629	3500	ARRA	$116,415		$776,100	$4,018,188
SE Rankin W/A	Water Well, Tank & Transmission Line	39151	629	5000	ARRA	$188,475		$1,256,500	$5,274,688
Wheeler-Frankstown W/A	Supply, Storage, & Treatment	38880	426	4500	ARRA	$413,770		$1,182,200	$6,456,888

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

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Hub W/A	New Well, Pressure Tank, Dist. Main	39429	653	3000	ARRA	$253,125		$562,500	$7,019,388

Category VII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Caledonia, Town of	New Well and Treatment Plant	39740	700	5500	ARRA/DW	$1,019,498		$4,077,990	$11,097,378

***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	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Belzoni, City of	Rehab Wells, New Well and Dist.	39038	3179	5319	ARRA/DW	$353,080	E,W - $528,514	$641,964	$11,739,342
Brandon, City of	Raise Existing Elevated Tanks	39042	1775	24000	ARRA/DW	$270,000		$1,800,000	$13,539,342

****Funding Line 2 Fully Funded Federal Appropriation – Available Funds $15,476,714**

Laurel, City of	Distribution Improvements	39440	207	22000	ARRA/DW	$1,799,083	E,W - $4,950,319	$5,140,236	$18,679,578
Piney Woods Ctry Life Sch.	Elevated Storage Tank	39148	35	325	ARRA/DW	$282,920		$514,400	$19,193,978

Category XI: Other

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Meridian, City of	Sludge Removal System	39525	11186	45000	ARRA/DW	$315,000	EI - $1,260,000	$1,260,000	$20,453,978
Corinth Uty Commission	Finished Water Trans. & Dist. Line	38835	843	14054	ARRA/DW	$2,136,750		$8,547,000	$29,000,978

****Funding Line 3 with Remaining Match and American Recovery and Reinvestment Act ~~Economic Stimulus Package~~ – Available Funds $33,024,214**

CPF-$7,760,900 CGI-$8,023,596

* Funding Line 1 indicates available funds based on the recent information supplied by the EPA indicating the Federal Government has only funded the FY-09 Appropriation at 43% of its 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 the American Recovery and Reinvestment Act in Congress indicating an additional $19,500,000 less set-asides for Mississippi's DWSIRLF.

Funding Sources

ARRA – American Recovery and Reinvestment Act of 2009
PF – Principle Forgiveness – Method of Subsidization the state has elected to use.
CPF – Cumulative Principal Forgiveness; CGI – Cumulative Green Infrastructure
DW – Drinking Water System Improvement Revolving Loan Fund – includes repayments, interest and 2009 Capitalization Grant.
Funding for projects will come solely from ARRA funds or from a combination of ARRA funds and standard DWSIRLF.

Green Infrastructure Project Codes

E – Energy Efficiency, W – Water Efficiency, G – Green Infrastructure, EI – Environmentally Innovative
Green projects are projects that provide benefits in the form of increased energy efficiency, increased water efficiency, added green infrastructure, and/or are environmentally innovative. Projects currently listed as Green Infrastructure are based on information supplied in submitted facility plans. This determination of Green Infrastructure will be based on guidelines supplied by the Environmental Protection Agency. Additionally, projects with higher rankings maybe by-passed by lower ranked projects in order to meet the 20% ARRA goal for "Green Infrastructure".

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	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Newton, City of	Rehab and Upgrade Existing Treatment	39345	3491	4000	ARRA/DW	$224,298	E,W - $100,000	$640,850	$640,850
Hazelhurst, City of	Replace Water Lines	39083	3104	4400	ARRA/DW	$296,625	E,W - $296,625	$847,500	$1,488,350
Wayside Water Assoc.	Installation of Treatment Facilities	38756	1601	2200	ARRA/DW	$274,500		$610,000	$2,098,350
NE Copiah Water Assoc.	New Well/Rehab Existing Facilities	39059	1595	3600	ARRA/DW	$405,000		$900,000	$2,998,350
Beaver Meadow WW	New Well and Service Lines	39477	1025	2400	ARRA/DW	$340,065		$755,700	$3,754,050
Goss Water Assoc.	New 200 GPM Well/Rehab Existing	39429	955	900	ARRA/DW	$140,625		$312,500	$4,066,550
McHenry Utility Assoc.***	New Well and Elevated Storage Tank	39561	756	2500	ARRA/DW	$198,330		$1,322,200	$5,388,750
Black Bayou Water Assoc.	Installation of Treatment Facilities	38756	663	5000	ARRA/DW*	$274,500		$610,000	$5,998,750
Swiftwater Development	Installation of Treatment Facilities	38756	589	9000	ARRA/DW*	$213,500		$610,000	$6,608,750
Foxworth W&S	New Well, Rehab Existing Facilities	39483	572	1100	ARRA/DW*	$337,500		$750,000	$7,358,750
Bude, Town of	New Well/Water System Improvements	39630	400	1016	ARRA/DW*	$903,650		$1,643,000	$9,001,750

CPF-$3,608,593 CGI-$396,625

Category III: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Hattiesburg, City of	New 1,200 GPM Well	39403	29532	50000	ARRA/DW*	$199,238	E,W - $442,750**	$442,750	$9,444,500
Diamondhead W&S Dist.	Water Well	39525	5397	7500	ARRA/DW*	$94,500		$630,000	$10,074,500
NTS Utility Assoc.	Radio Read Meters	39307	4390	5700	ARRA/DW*	$64,927		$432,845	$10,507,345
Clayton Village W/A	New Generator/Upgrade Existing System	39759	4309	5000	ARRA/DW*	$176,850	E,W - $80,000**	$393,000	$10,900,345
Duffee Water Assoc.	Backup Well	39337	1395	2000	ARRA/DW*	$137,348		$549,393	$11,449,738
Central Rankin W/A	New Well and Appurtenances	39176	1380	3400	ARRA/DW*	$106,500		$710,000	$12,159,738

North Hinds Water Assoc.	Well, Elevated Tank, & Distribution	39066	1084	9000	ARRA/DW*	$276,750		$1,845,000	$14,004,738
Broadmoor Utilities	Well and Generator	39120	1004	1400	ARRA/DW*	$268,403		$596,450	$14,601,188
Rose Hill Water Assoc.	Well and Distribution	39356	875	1500	ARRA/DW*	$351,000		$780,000	$15,381,188
Diamondhead W&S Dist.	New Water Well	39525	714	7500	ARRA/DW*	$94,500		$630,000	$16,011,188
Hiwannee Water Assoc.	New Well	39367	656	6400	ARRA/DW*	$284,625		$632,500	$16,643,688
Punkin W/A	New Well and Treatment Plant	38655	598	2100	ARRA/DW*	$361,900		$1,034,000	$17,677,688
Seminary, Town of	350 GPM Well	39479	472	360	ARRA/DW*	$131,075		$374,500	$18,052,188
Enterprise, Town of	New 1,000 GPM Well	39330	325	1002	ARRA/DW*	$558,250		$1,595,000	$19,647,188
Double Ponds Water Assoc.	Wells, Treatment Plant Rehab, Tank	39474	303	3300	ARRA/DW*	$1,583,400		$4,524,000	$24,171,188
Wautubbee Water Assoc.	New Well	39330	211	545	ARRA/DW*	$359,450		$1,027,000	$25,198,188
						CPF-$7,753,659	CGI-$919,375		

Category IV: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Carthage, City of	Upgrade Booster Station's Controls	39051	105778	4637	ARRA/DW*	$7,000		$20,000	$25,218,188
McComb, City of	Replacement of Fire Hydrants	39648	29469	13560	ARRA/DW*	$146,025		$324,500	$25,542,688
McComb, City of	Installation of New Water Lines	39648	8693	13560	ARRA/DW*	$495,009		$1,100,019	$26,642,707
Carthage, City of	Upgrade and Replace Water Mains	39051	8462	4637	ARRA/DW*	$87,500	E,W - $87,500**	$250,000	$26,892,707
McComb, City of	Dist. System Improvements(Install Fire	39648	6530	13560	ARRA/DW*	$658,981		$1,464,403	$28,357,110
Natchez, City of	New 500,000 Ga. Tank/Dist. Lines	39120	6131	18340	ARRA/DW*	$754,110		$1,675,800	$30,032,910
Diamondhead W&S Dist.	Water Distribution Main	39525	4424	7500	ARRA/DW*	$115,290	E,W - $115,290**	$768,600	$30,801,510
South Newton Rural W/A	Install Dist. Lines/Paint 175K Standpipe	39345	4067	3369	ARRA/DW*	$102,093		$291,693	$31,093,.03
Forest, City of	Rehab Existing Storage Tank	39074	2573	5968	ARRA/DW*	$397,250		$1,135,000	$32,228,203
Aberdeen, City of	400 GPM Well/100,000 Gal.	39730	2356	6415	ARRA/DW*	$518,682	E,W - $300,000**	$1,481,949	$33,710,152
Highway 28 W/A	Booster Station, Rehab Tank, &	39111	2281	2033	ARRA/DW*	$109,340		$312,400	$34,022,552
New Hope Water Assoc.	100,000 Gallon Elevated Storage Tank	39119	2073	3000	ARRA/DW*	$193,550	E,W - $45,000**	$553,000	$34,575,552
Forest, City of	New 900 GPM Well	39074	1825	5968	ARRA/DW*	$560,000		$1,600,000	$36,175,552
Evergreen Water Assoc.	Upgrade Existing Facilities	39043	1650	3200	ARRA/DW*	$75,000		$500,000	$36,675,552
Long Beach, City of	Distribution System Upgrades	39560	1570	16128	ARRA/DW*	$513,704	E,W - $513,704**	$3,424,692	$40,100,244
Pontotoc, City of	Install New Water Mains/Radio Read	38863	1242	5700	ARRA/DW*	$425,622	E,W - $1,703,288**	$1,702,487	$41,803,532

Diamondhead W&S Dist.	Water Distribution	39525	1152	7500	ARRA/DW*	$58,590	E,W - $58,590**	$390,600	$42,194,132
Oak Hill W/A	Elevated Tank & Distribution	38863	1027	4000	ARRA/DW*	$338,750		$1,355,000	$43,549,132
Hattiesburg, City of	Replace Sm. Water Lines at Classic Dr/J.	39403	604	50000	ARRA/DW*	$256,163	E,W - $569,250**	$569,250	$44,118,382
Ridgeland, City of	New 1,600 GPM Well/500,000 Gallon	39158	491	24000	ARRA/DW*	$515,161		$3,434,404	$47,552,786
Ridgeland, City of	Two 1,600 GPM Ser. Pumps/Rehab	39158	348	24000	ARRA/DW*	$726,000		$4,840,000	$52,392,786
Hattiesburg, City of	Replace Insufficient Service Lines	39403	309	50000	ARRA/DW*	$501,188	E,W - $600,188**	$1,113,750	$53,506,536
Culkin Water District	Installation of 12 inch Transmission Line	39183	197	10438	ARRA/DW*	$558,600		$3,724,000	$57,230,536
Olive Branch, City of	Installation of Water Lines	39654	162	35000	ARRA/DW*	$224,025	E,W - $224,025**	$1,493,500	$58,724,036
Glendora, Village of	100,000 Gal Storage Tank Upgrade	32928	154	500	ARRA/DW*	$429,000		$780,000	$59,504,036
Sumrall, Town of	Installation of 12 inch Water Mains	39482	93	1148	ARRA/DW*	$252,000	E,W - $252,000**	$1,008,000	$60,512,036
Olive Branch, City of	Replace Water Lines	39654	93	35000	ARRA/DW*	$363,750	E,W - $363,750**	$2,425,000	$62,937,036

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

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Batesville, City of	Installation of Water lines	38606	31735	7600	ARRA/DW*	$43,750	E,W - $43,750**	$125,000	$63,062,036
McComb, City of	Upgrade Distribution System	39648	27417	13560	ARRA/DW*	$156,952		$348,783	$63,410,819
Batesville, City of	Installation of Water Lines	38606	26446	7600	ARRA/DW*	$52,500	E,W - $52,500**	$150,000	$63,560,819
Batesville, City of	Rehab/Replacement of Existing Facilities	38606	14425	7600	ARRA/DW*	$96,250	E,W - $96,250**	$275,000	$63,835,819
Batesville, City of	Rehab Existing Facilities	38606	11334	7600	ARRA/DW*	$122,500		$350,000	$64,185,819
Batesville, City of	Rehab Existing Facilities	38606	9675	7600	ARRA/DW*	$143,500		$410,000	$64,595,819
Gautier, City of	Well and Elevated Tank	39553	6631	18850	ARRA/DW*	$213,195		$1,421,300	$66,017,119
Mendenhall, City of	Installation of 8" PVC	39114	5894	2555	ARRA/DW*	$55,375	E,W - $55,375**	$221,500	$66,238,619
Batesville, City of	500,000 Gallon Elevated Tank	38606	5289	7600	ARRA/DW*	$262,500		$750,000	$66,988,619
Mendenhall, City of	New 500 GPM Well/250K Gal Elevated	39114	1552	2555	ARRA/DW*	$231,250		$925,000	$67,913,619
Hernando, City of	Dist, Hydrants, and Elevated Tank	38632	1354	15000	ARRA/DW*	$407,138		$2,714,250	$70,627,869
Brookhaven, City of	Install Water Main/Rehab Existing	39602	1233	13300	ARRA/DW*	$1,373,796		$3,925,130	$74,552,999
Enterprise, Town of	250,000 Elevated Storage Tank	39330	445	1002	ARRA/DW*	$407,750		$1,165,000	$75,717,999
Adams County W/A	Installation of New Water Mains	39190	126	19800	ARRA/DW*	$501,814		$1,115,143	$76,833,142
Gulfport, City of	Install Distribution System	39507	116	600000	ARRA/DW*	$277,605		$1,850,700	$78,683,842
Gulfport, City of	New Well and Distribution System	39507	85	600000	ARRA/DW*	$423,972		$2,826,480	$81,510,322

Macon, City of	New Well, Elevated Tank and Treatment	39341	74	550	ARRA/DW*	$1,842,863		$4,095,250	$85,605,572
Poplarville, City of	Replace Water Lines/Mains	39470	71	2600	ARRA/DW*	$262,696	E,W - $262,969**	$1,050,785	$86,656,357
Nicholson W&S Assoc.	Unserved Users, Tank, and Well	39463	49	2900	ARRA/DW*	$1,074,640		$3,070,400	$89,726,757

Category VII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Stat,ewide Cum. $
Hattiesburg, City of	New 1,500 GPM Well	39403	25840	50000	ARRA/DW*	$227,700	E,W - $506,000**	$506,000	$90,232,757
McComb, City of	New Well and Replace of Older Well	39648	10894	13560	ARRA/DW*	$395,010		$877,800	$91,110,557
Brandon, City of	1,000 GPM Well	39042	9241	22140	ARRA/DW*	$138,000	E - $90,000**	$920,000	$92,030,557
Batesville, City of	New 750 GPM Well	38606	7934	7600	ARRA/DW*	$175,000		$500,000	$92,530,557
Batesville, City of	Rehab Existing Infrastructure	38606	7934	7600	ARRA/DW*	$175,000	E,W - $175,000**	$500,000	$93,030,557
Winona, City of	New Water Well	38967	7095	5800	ARRA/DW*	$131,250		$375,000	$93,433,057
Clinton, City of	New Well & Distribution Lines	39060	4673	26000	ARRA/DW*	$272,836		$1,818,909	$95,251,966
Ridgeland, City of	1,600 GPM Potable Water Well	39158	3663	24000	ARRA/DW*	$328,395		$2,189,300	$97,441,266
Woodville, Town of	Upgrade Water Treatment Facility	39669	3647	3681	ARRA/DW*	$277,530		$504,600	$97,945,866
Ninah Waiya Water Assoc.	Installation of Drive by Meters	39339	3054	1350	ARRA/DW*	$48,125	E - $137,500	$137,500	$98,083,366
Diamondhead W&S Dist.	Elevated Tank & Booster Station	39525	2453	7500	ARRA/DW*	$207,900		$1,386,000	$99,469,366
Flowood, City of	1,500 GPM Well/1,500,000 Gallon	39232	1210	21744	ARRA/DW*	$900,000	E,W,EI - $900,000**	$6,000,000	$105,469,366
Marion, Town of	New 800 GPM Well/New Generator	39342	1198	2000	ARRA/DW*	$371,855		$826,345	$106,295,711
Richton, Town of	New 500 GPM Well	39476	1050	1038	ARRA/DW*	$192,031		$768,125	$107,063,836
Ocean Springs, City of	Replacement of Water Lines	39564	876	17225	ARRA/DW*	$342,570	E,W - $342,570**	$2,283,800	$109,347,636
Bay Springs, Town of	New 1,000 GPM Well/300K Gal. Tank	39422	743	2000	ARRA/DW*	$612,018		$1,360,040	$110,707,676
Taylorsville Water Assoc.	New 200,000 Gal. Elevated	39208	703	667	ARRA/DW*	$142,222		$948,144	$111,655,820
Horn Lake, City of	New Well and Tank/Upgrade Existing	38637	485	1500	ARRA/DW*	$371,190		$2,474,600	$114,130,420
West Jackson Cty Uty Dist	Installation of Water Lines and Mains	39566	412	20000	ARRA/DW*	$729,000	E,W - $729,000**	$4,860,000	$118,990,420
Marion, Town of	600 GPM Tr. Facil/600 GPM	39342	360	2000	ARRA/DW*	$1,236,960		$2,748,800	$121,739,220
Union Water Association	New Well and Pipe Installation	39151	346	770	ARRA/DW*	$95,250		$635,000	$122,374,220
Gulfport, City of	Install 12" Connection	39507	126	600000	ARRA/DW*	$92,737		$618,247	$122,992,467
Gulfport, City of	Install Larger Water Lines and Mains	39507	95	600000	ARRA/DW*	$158,667		$1,057,777	$124,050,244
Gulfport, City of	Install 12" Transmission Main	39507	21	600000	ARRA/DW*	$174,827		$1,165,515	$124,753,024

Gulfport, City of	1,000 GPM Well	39507	21	600000	ARRA/DW*	$105,417		$702,780	$125,918,539

Category VIII: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Carthage, City of	Backup Generator	39051	21156	4637	ARRA/DW*	$35,000		$100,000	$126,018,539
Carthage, City of	Install Generator/Upgrade Existing	39051	14104	4637	ARRA/DW*	$52,500		$150,000	$126,168,539
Ridgeland, City of	Water Line Relocation	39158	10108	24000	ARRA/DW*	$119,010		$793,400	$126,961,939
Collins, Town of	Water Line Replacement	39428	10097	4000	ARRA/DW*	$62,568	E,W - $62,568**	$139,040	$127,100,979
Collins, Town of	Water Line Replacement	39428	8885	4000	ARRA/DW*	$71,100	E,W - $158,000**	$158,000	$127,258,979
Collins, Town of	Water Line Replacement	39428	8885	4000	ARRA/DW*	$71,100		$158,000	$127,416,979
Lincoln Rural Water Assoc	Water System/Plant Upgrade	39602	8028	17000	ARRA/DW*	$156,250		$625,000	$128,041,979
West Point, City of	SCADA/Chlorine Analyzer/Rehab Tanks	39773	7194	16500	ARRA/DW*	$304,500		$870,000	$128,911,979
Belzoni, City of	Distribution Rehab and Generator	39038	6236	5319	ARRA/DW*	$379,030	E,W - $379,030**	$689,146	$129,601,125
Lexie Water Association	Rehab/Upgrade Existing System	39667	4727	5000	ARRA/DW*	$185,288		$411,750	$130,012,875
Grenada, City of	2 500 GPM Wells/500,000 Gallon	38901	4469	22951	ARRA/DW*	$770,945		$2,202,700	$132,215,575
DeKalb, Town of	Rehabilitation of Elevated Tank	39328	4462	972	ARRA/DW*	$81,000		$180,000	$132,395,575
Winona, City of	Upgrade Water Treatment Plant	38967	3573	5800	ARRA/DW*	$260594		$744,553	$133,140,128
McComb, City of	Storage/pumping/Aeration/SCADA	39648	3560	13560	ARRA/DW*	$1,208,592		$2,685,760	$135,825,888
Adams County Water Assoc.	Generator/Upgrade Existing Facilities	39190	2590	19800	ARRA/DW*	$643,320	E,W - $332,000**	$1,429,600	$137,255,488
Olive Branch, City of	Installation of Water Lines	39654	2511	35000	ARRA/DW*	$58,950		$393,000	$137,648,488
Marks, City of	Rehab Wells/Existing Treatment	38646	2429	2073	ARRA/DW*	$486,977		$486,977	$138,533,901
Mount Olive, Town of	Replacement of Water Lines	39119	2380	1000	ARRA/DW*	$104,094	E,W - $231,320**	$231,320	$138,765,221
Cedar Grove-Harmony W/A	Tank Rehab, Distribution Improvements	39429	2173	1500	ARRA/DW*	$140,625		$312,500	$139,077,721
Hilldale Water District	Well, Treatment, and Distribution	39180	553	5505	ARRA/DW*	$224,788	E,W - $1,498,523**	$1,498,523	$140,576,244
Kokomo-Shiloh W/A	New 400GPM Well/Rehab/Upgrade of	39643	1208	2500	ARRA/DW*	$393,750		$875,000	$141,451,244
Alcorn Co. Water Assoc.	300,000 Gal Storage Tank/upgrade	38834	1207	6500	ARRA/DW*	$318,275		$1,273,101	$142,724,345
Alcorn Co. Water Assoc.	Renovate Elevated tanks/Replace Water	38834	1174	6500	ARRA/DW*	$218,230	E,W - $218,230**	$872,920	$143,597,265
Bolton, Town of	Rehab 60,000 GPM Tank/Existing	39041	1133	660	ARRA/DW*	$42,781		$285,204	$143,882,469
West Marion Water Assoc.	Elev.Tank/Install New Water Mains and	39483	1012	2500	ARRA/DW*	$337,500		$750,000	$144,632,469

Little Creek Water Assoc.	10,000 Gal Tank/Upgrade Existing	39456	1004	500	ARRA/DW*	$118,310	E,W - $191,500**	$262,910	$144,895,379
Salem Water Association	350 GPM Well	39428	807	864	ARRA/DW*	$152,513		$435,750	$145,331,129
L & F Water Association	New Well/Elevated Tank	39098	716	2150	ARRA/DW*	$350,000		$1,000,000	$146,331,129
Prentiss-Alcorn Water Assoc.	A New Well Treatment Facil./Renov	38865	715	2500	ARRA/DW*	$188,933		$1,259,550	$147,590,679
Coldwater, Town of	New Well, Distribution Main	38618	624	1805	ARRA/DW*	$169,154	E,W - $169,154**	$1,127,690	$148,718,369
Edwards, Town of	Ozone Treatment Facility	39066	414	1980	ARRA/DW*	$540,000		$1,570,000	$150,288,369
Gulfport, City of	Installation of Larger Water Lines	39507	192	600000	ARRA/DW*	$172,312		$1,148,745	$151,437,114
Pelahatchie, Town of	Rehab Existing Facilities	39145	159	1484	ARRA/DW*	$365,400	E,W - $365,400**	$2,436,000	$153,873,114
Webb, Town of	New Well/Rehab Existing Wells and	38966	150	587	ARRA/DW*	$777,503	E,W - $706,746**	$2,221,437	$156,094,551
Gulfport, City of	Larger Water Lines and Mains	39507	100	600000	ARRA/DW*	$376,352		$2,509,015	$158,603,566
Gulfport, City of	Install larger Water Lines and Mains	39507	92	600000	ARRA/DW*	$375,146		$2,500,972	$161,104,538
Olive Branch, City of	Replace Water Lines	39654	70	35000	ARRA/DW*	$85,500		$570,000	$161,674,538
Jackson, City of	Capitol Street Rehab/Replacement	39201	58	177977	ARRA/DW*	$519,179	E,W - $519,179**	$3,461,193	$165,135,731
Lumberton, City of	Replace/Upgrade Water Mains	39455	1	2228	ARRA/DW*	$387,765		$1,107,900	$166,243,631

Category IX: Secondary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Hattiesburg, City of	Installation of Iron Treatment Facility	39403	5330	50000	ARRA/DW*	$1,103,850		$2,453,000	$168,696,631

Category XI: Other

Project	Project Description	Zip Code	Priority Points	Service Area Population	Fund Source	Eligible PF Amount	Green Project	Loan Amount Requested	Statewide Cum. $
Meridian, City of	SCADA System	39525	20705	45000	ARRA/DW*	$236,250	E,W,EI - $236,250**	$945,000	$169,641,631
Magee, City of	Install New Treatment Equipment	39111	5017	4500	ARRA/DW*	$138,250		$395,000	$170,036,631
Clinton, City of	Radio Meter Readers; Hardware &	39060	4124	26000	ARRA/DW*	$313,466	W - $313,466**	$2,089,775	$172,514,786
NTS Utility Assoc.	Replacement Well	39307	2782	5700	ARRA/DW*	$102,451	W - $102,451**	$683,004	$173,197,790
McComb, City of	Install Automatic Water Meter Reading	39648	1976	13560	ARRA/DW*	$2,178,000		$4,840,000	$178,037,790
Greenfield Water Assoc.	Elevated Tank	39042	1032	3850	ARRA/DW*	$161,250		$1,075,000	$179,112,790
Corinth Uty Commission	Raw Water Intake Structure	38835	677	14054	ARRA/DW*	$2,796,875		$11,187,500	$190,300,290

Funding Sources

ARRA – American Recovery and Reinvestment Act of 2009

CPF – Cumulative Principal Forgiveness; CGI – Cumulative Green Infrastructure

DW – Drinking Water System Improvement Revolving Loan Fund – includes repayments, interest and 2009 Capitalization Grant.
Funding for projects will come solely from ARRA funds or from a combination of ARRA funds and standard DWSIRLF.

Green Infrastructure Project Codes

E – Energy Efficiency, W – Water Efficiency, G – Green Infrastructure, EI – Environmentally Innovative

Green projects are projects that provide benefits in the form of increased energy efficiency, increased water efficiency, added green infrastructure, and/or are environmentally innovative. Projects currently listed as Green Infrastructure are based on information supplied in submitted facility plans. This determination of Green Infrastructure will be based on guidelines supplied by the Environmental Protection Agency. Additionally, projects with higher rankings maybe by-passed by lower ranked projects in order to meet the 20% ARRA goal for "Green Infrastructure".

* Depending on availability, systems may receive principal forgiveness through funds from the ARRA. Once ARRA funds are depleted, funding for projects will rely on only DWSIRLF funds.

** Projects considered green infrastructure may receive principal forgiveness through funds from the ARRA if available. These projects would give credit to State in achieving the Green Project Reserve. If ARRA funds are depleted, funding will resume through standard DWSIRLF funding.

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	4/15/2009	6/15/2009	1/9/2010	Loan	$1,155,000	1.95	20 years	4/9/2010	2	3514	Yes
Progress Community W/A	FY-2009-2	5700	4/15/2009	6/15/2009	3/15/2010	Loan	$822,375	1.95	20 years	6/15/2010	2	2167	Yes
Glade Water W/A	FY-2009-3	4000	4/15/2009	6/1/2009	2/26/2010	Loan	$1,264,713	1.95	20 years	5/26/2010	2	1308	Yes
ACL W/A	FY-2009-4	3500	4/31/2009	6/30/2009	5/26/2010	Loan	$776,100	1.95	20 years	8/26/2010	3	1303	Yes
SE Rankin W/A	FY-2009-5	2200	4/15/2009	6/15/2009	3/15/2010	Loan	$1,256,500	1.95	20 years	6/15/2010	3	521	Yes
Wheeler-Frankstown W/A	FY-2009-6	5900	4/15/2009	6/15/2009	4/11/2010	Loan	$1,182,200	1.95	20 years	7/11/2010	3	341	Yes
Hub W/A	FY-2009-7	2931	4/15/2009	6/15/2009	11/11/2009	Loan	$562,500	1.95	20 years	2/11/2010	6	3032	Yes
Caledonia, Town of	FY-2009-8	5500	4/15/2009	6/15/2009	7/15/2010	Loan	$4,077,990	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	5/1/2009	3/1/2010	10/27/2010	Loan	$641,964	1.95	20 years	1/27/2011	8	5100	Yes
Brandon, City of	FY-2009-10	24000	5/15/2009	3/15/2009	9/11/2009	Loan	$1,800,000	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	5/15/2009	6/1/2009	3/22/2011	Loan	$5,140,236	1.95	20 years	6/22/2011	8	108	Yes
Piney Woods CLS	FY-2009-12	325	4/15/2009	6/1/2009	7/1/2010	Loan	$514,400	1.95	20 years	10/1/2010	8	28	Yes
Meridian, City of	FY-2009-13	45000	5/15/2009	6/15/2009	5/15/2010	Loan	$1,260,000	1.95	20 years	8/15/2010	11	14789	Yes
Corinth Uty Commission	FY-2009-14	14054	4/1/2009	6/1/2010	10/3/2011	Loan	$8,547,000	1.95	20 years	1/3/2012	11	843	Yes
******Funding Line 3 Full Federal Appropriation plus American Recovery and Reinvestment Act ~~Economic Stimulus Package~~ – Available Funds $33,005,214**													
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
ARRA Small Sys. TA	FY-2009-ES	N/A	7/1/2009	7/1/2009	6/30/2010	Grant	$394,000	N/A	N/A	N/A	12	N/A	N/A
ARRA SRF Admin	FY-2009-ES	N/A	5/1/2009	5/1/2009	6/30/2010	Grant	$300,000	N/A	N/A	N/A	12	N/A	N/A
ARRA St Program Mgmt	FY-2009-ES	N/A	10/1/2009	10/1/2009	9/30/2011	Grant	$1,462,500	N/A	N/A	N/A	12	N/A	N/A
					Grand Total		$32,116,478						

- All of the above loan projects will require an environmental review in accordance with the State DWSIRLF regulation.

\+ 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).

**** Funding Line 3 indicates available funds based on receiving full FY-2009 Cap grant and proceeds from the ARRA of 2009.

VIII. 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-2009 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-2009 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 on the priority list 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) four ~~five~~ systems with four ~~five~~ projects that are meeting primary standards will receive upgrades; and 6) two ~~one~~ systems with two projects will receive additional improvements. Projects on the Planning list will have the following outcomes: eight systems would become compliant with primary drinking water standards. 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. Ten new wells are proposed which will increase the State's use of groundwater by a minimal amount. Five of the proposed projects will include the construction of new treatment facilities, including one that may require disposal of treatment by-products (i.e. iron sludge). Three of the projects will rehabilitate existing treatment plants. Three of the proposed projects will provide improvements to existing distribution and storage of the water systems. 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 to improve sludge handling for an existing 10 MGD iron removal treatment plant. One system project includes a finished water transmission and distribution line for a proposed surface water treatment facility that was designed and is under construction in response to dropping water tables in the extreme northeast corner of the State.

Appendices

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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% and a State Allotment formula of 1.0% for the Drinking Water SRF in Federal FY-2009. Additionally, the Economic Recovery Package of 2009 has an estimated appropriation of $2,000,000,000. Mississippi will receive 1% after a estimated 1.5% national rescission.

FY-2009 National Title I DWSRF Appropriation		$	**829,029,000**
American Recovery & Reinvestment Act (ARRA) of 2009		$	**1,950,000,000**
Estimated Mississippi Allotment [section 1452(m)]*		$	**8,146,000**
Estimated Mississippi Allotment from ARRA		$	**19,500,000**
FY-09 State Match Required (20% of Mississippi Allotment) [1]		$	1,629,200
Total			9,775,200
FY-08 Bond Proceeds Available for State Match [1]		+ $	**0**
FY-09 Federal Funds Captured based on Available Match		+ $	8,146,000
Total FY-09 Federal and State Funds Available		$	8,146,000
Set-Asides from FY-2009 Appropriation			
State Program Management [section 1452(g)(2)]		+ $	814,600
Small Systems Technical Assistance [section 1452(g)(2) - 2%]		+ $	162,920
Total FY-09 Set-Asides		$	977,520
Set-Asides from ARRA of 2009 Appropriation			
DWSRF Administrative Expenses		$	300,000
State Program Management		$	1,462,500
Small System Technical Assistance		$	390,000
Total FY-09 ERP Set-Asides		$	2,152,500
Total FY-09 Federal and State Funds Available		$	8,146,000
Total FY-09 ARRA Federal Funds			19,500,000
Total FY-09 Set-Asides		- $	(977,520)
Total FY-09 ARRA Set-Asides		- $	(2,152,500)
Total FY-09 Federal and State Funds Available for Loan Obligation			**24,515,980**
Total FY-09 Federal and State Funds Available for Loan Obligation		+ $	**24,515,980**
Remaining FY-08 Bond proceeds ($4.0m) 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)
Total FY-09 Funds Available for New Loan Awards			**32,824,214**
Funds Needed for Projects on the FY-09 Priority List		- $	(29,000,978)
Remaining Funds Available Projects on FY-2010 and After Planning List			**3,823,236**

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

** During the 2008 Legislative session, the necessary bond appropriation bill was passed. Match funds became 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, and that the National Set-Aside Assumptions will remain the same, and a State allotment formula of 1.0% for the State's 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
FY-06 Bond Proceeds Available for State Match		$	**625,591**
FY-08 Federal Funds Captured based on Available Match		+ $	3,127,955
*Anticipated FY-08 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 Legislative 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

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	$0	$91,200	$319,200	$319,200	$319,200	$106,400	$0	$0	$0	$0	$0	$0	$1,155,000
Progress Community W/A	$0	$58,695	$188,305	$188,305	$188,305	$188,305	$10,459	$0	$0	$0	$0	$0	$822,375
Glade Water W/A	$0	$47,057	$47,057	$438,975	$438,975	$292,649	$0	$0	$0	$0	$0	$0	$1,264,713
ACL W/A	$0	$25,500	$243,030	$217,530	$217,530	$72,510	$0	$0	$0	$0	$0	$0	$776,100
SE Rankin W/A	$0	$81,000	$289,849	$289,849	$289,849	$289,849	$16,104	$0	$0	$0	$0	$0	$1,256,500
Wheeler-Frankstown W/A	$0	$79,200	$330,900	$330,900	$330,900	$110,300	$0	$0	$0	$0	$0	$0	$1,182,200
Hub W/A	$0	$22,500	$108,750	$258,750	$172,500	$0	$0	$0	$0	$0	$0	$0	$562,500
Caledonia, Town of	$0	$127,435	$127,435	$942,687	$942,687	$942,687	$942,687	$52,372	$0	$0	$0	$0	$4,077,990
Belzoni, City of	$0	$0	$0	$38,327	$108,991	$211,991	$211,991	$70,664	$0	$0	$0	$0	$641,964
Brandon, City of	$0	$75,000	$862,500	$862,500	$0	$0	$0	$0	$0	$0	$0	$0	$1,800,000
Laurel, City of	$0	$199,550	$792,192	$592,642	$592,642	$592,642	$592,642	$592,642	$592,642	$592,642	$0	$0	$5,140,236
Piney Woods Country Life	$0	$20,000	$20,000	$116,975	$116,975	$116,975	$116,975	$6,500	$0	$0	$0	$0	$514,400
Meridian, City of	$0	$30,000	$128,630	$295,890	$295,890	$295,890	$213,700	$0	$0	$0	$0	$0	$1,260,000
Corinth Uty Commission	$0	$0	$238,000	$0	$1,558,709	$1,320,709	$1,320,709	$1,320,709	$1,320,709	$1,320,709	$146,746	$0	$8,547,000
FY-09 Projects	$0	$857,137	$3,695,848	$4,892,530	$5,573,153	$4,540,907	$3,425,267	$2,042,887	$1,913,351	$1,913,351	$146,746	$0	$29,000,978
FY-10 Planning Projects	$0	$87,900	$704,316	$1,709,033	$1,368,401	$122,000	$0	$0	$0	$0	$0	$0	$3,991,650
Total All Projects	$0	$945,037	$4,400,164	$6,601,563	$6,941,554	$4,662,907	$3,425,267	$2,042,887	$1,913,351	$1,913,351	$146,746	$0	$32,992,628
Federal FY-2009 Cap. (29.2%)	$0	$0	$0	$0	$1,540,818	$4,662,907	$964,755	$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	$0	$0	$2,460,512	$2,042,887	$1,913,351	$1,913,351	$146,746	$0	$8,476,648
**2009 Economic Stimulus (39.9%)	$0	$945,037	$4,400,164	$6,601,563	$5,400,736	$0	$0	$0	$0	$0	$0	$0	$17,347,500
Total Funding	$0	$945,037	$4,400,164	$6,601,563	$6,941,554	$4,662,907	$3,425,267	$2,042,887	$1,913,351	$1,913,351	$146,746	$0	$32,992,628

* 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. Funds from ARRA would be expended first before other capitalization grants funds.

II. Projected Schedule of Outlays for Set-asides
Standard Capitalization Grant

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

American Recovery and Reinvestment Act of 2009

Federal	3Q FY09	4Q FY09	1Q FY10	2Q FY10	3Q FY10	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11	Totals
Small Sys. Tech Assist.	$0	$0	$48,750	$48,750	$48,750	$48,750	$48,750	$48,750	$48,750	$48,750	$390,000
State Program Mgmt	$0	$0	$182,812	$182,813	$182,812	$182,813	$182,812	$182,813	$182,812	$182,813	$1,462,500
Administrative	$100,000	$100,000	$100,000	$0	$0	$0	$0	$300,000	$0	$0	$300,000
Total Set-Asides	$100,000	$100,000	$331562	$231,563	$231,562	$231,563	$231,562	$231,563	$231,562	$231,563	$2,152,500

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

Payment (LOC) Number	Payment (LOC) Date	Payment (LOC) Amount	Cumulative (LOC) Amount
FY-2009 No. 1 of 4	1st Quarter FY-2010	$ 275,000	$ 275,000
FY-2009 No. 2 of 4	2nd Quarter FY-2010	$ 1,650,000	$ 1,925,000
FY-2009 No. 3 of 4	3rd Quarter FY-2010	$ 4,950,000	$ 6,875,000
FY-2009 No. 4 of 4	4th Quarter FY-2010	$ 1,271,000	$ 8,146,000

American Recovery and Reinvestment Act of 2009

Payment (LOC) Number	Payment (LOC) Date	Payment (LOC) Amount	Cumulative (LOC) Amount
FY-2009ES No. 1 of 9	3rd Quarter FY-2009	$ 5,000,000	$ 5,000,000
FY-2009ES No. 2 of 9	4th Quarter FY-2009	$ 5,000,000	$ 10,000,000
FY-2009ES No. 3 of 9	1st Quarter FY-2010	$ 5,000,000	$ 15,000,000
FY-2009ES No. 4 of 9	2nd Quarter FY-2010	$ 4,500,000	$ 19,500,000

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

Standard Capitalization Grant

Outlay Quarter	Federal Outlay Amount	Cumulative Outlay Amount
1Q FY-2010	$ 250,000	$ 250,000
2Q FY-2010	$ 1,615,000	$ 1,865,000
3Q FY-2010	$ 4,915,000	$ 6,780,000
4Q FY-2010	$ 1,366,000	$ 8,146,000

American Recovery and Reinvestment Act of 2009

Outlay Quarter	Federal Outlay Amount	Cumulative Outlay Amount
3Q FY-2009	$ 1,055,000	$ 1,055,000
4Q FY-2009	$ 4,510,000	$ 5,565,000
1Q FY-2010	$ 6,945,000	$ 12,510,000
2Q FY-2010	$ 5,825,000	$ 18,335,000
3Q FY-2010	$ 243,000	$ 18,578,000
4Q FY-2010	$ 243,000	$ 18,821,000
1Q FY-2011	$ 243,000	$ 19,064,000
2Q FY-2011	$ 243,000	$ 19,307,000
3Q FY-2011	$ 193,000	$ 19,500,000

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.

Furthermore, the 1996 Amendments to the Safe Drinking Water Act (SDWA) required the United States Environmental Protection Agency (EPA) to develop a Ground Water Rule (GWR) that specifies the appropriate use of disinfection and addresses other aspects of ground water systems to assure public health protection. A final GWR was promulgated on November 8, 2006 (USEPA, 2006a).

The GWR establishes a risk-targeting approach to identify GWSs susceptible to fecal contamination and requires corrective action to correct significant deficiencies and source water fecal contamination in public GWSs. A central objective of the GWR is to identify the subset of ground water sources that are at higher risk of fecal contamination among the large number of existing GWSs (approximately 147,000), and then further target those systems that must take corrective action to protect public health. This risk-targeting strategy includes the following:

- regular GWS sanitary surveys to check for significant deficiencies in eight key operational areas;
- a flexible program for identifying higher risk systems through existing TCR monitoring and state determinations; and
- ground water source monitoring to detect fecal contamination at targeted GWSs that do not provide 4-log treatment of viruses.

Measures to protect public health include the following:

- treatment technique requirements to address sanitary survey significant deficiencies and fecal contamination in ground water; and
- compliance monitoring to ensure that 4-log treatment of viruses is maintained where it is used to comply with this rule.

To meet the treatment technique requirements of this rule, GWSs with a significant deficiency or evidence of source water fecal contamination, following consultation with their primacy agency (herein referred to as “the State”), must implement one or more of the following corrective action options: correct all significant deficiencies; provide an alternate source of water; eliminate the source of contamination; or provide treatment that reliably achieves at least 99.99 percent (4-log) treatment of viruses (using inactivation, removal, or a State-approved combination of 4-log virus inactivation and removal) for each ground water source. Each of these corrective actions is

intended to remove all or nearly all fecal contamination. In addition, the GWS must inform its customers of any uncorrected significant deficiencies or fecal indicator-positive ground water source samples.

The additional funds provided through the ARRA of 2009 will be used to provide technical onsite assistance to small water systems to deal with the rigorous provisions of the Groundwater Rule (GWR) which will go into effect on December 1, 2009, and the Disinfection Byproducts Rule (DBPR) which will require 50 to 100 small rural water systems in Mississippi to provide expensive treatment or drastically improved monitoring and control. In addition, technical assistance will be provided to small water systems that provide fluoridated drinking water to help them provide accurate and consistent sampling data and information in compliance with proposed MSDH reporting policy.

SELECTION PROCESS

Standard Capitalization Grant

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 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.

American Recovery and Reinvestment Act

Proposals for new technical assistance contracts for the GWR, DBPR, and Fluoridation systems will be sought through the RFP process shortly after the ARRA Grant is awarded. Proposals received will be evaluated by the Department to determine the best possible contractor for providing the technical assistance. Contracts will be for a two-year period beginning July 1, 2009, and expire June 30, 2011.

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 one 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 within 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 two 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.

5. **Ground Water Rule Technical Assistance – ARRA Funds**

The chosen contractor will provide technical assistance to help groundwater public water supplies prepare and achieve/maintain compliance with the provisions of the Groundwater Rule (GWR). In cooperation with MSDH, the contractor will accomplish the assistance through on site visits, meeting with system officials and operators, and provide appropriate expertise for systems to comply with the demanding provisions of the GWR.

Activity Objective – provide assistance to small community public water systems for the purpose of complying with the provisions of the GWR.

Reporting/Evaluation – provide written quarterly reports using a format approved by MSDH on systems seeking technical assistance. The reports shall include but are not limited to: a) details of system helped; b) those present for assistance; c) difficulties presented for the system in compliance with GWR; d) provide solutions the system would need in to implement order to comply with GWR; and e) other related items. The contractor shall meet with the Department on a quarterly basis to update the Department on accomplishments under this contract and answer any questions the Department might have regarding the implementation of this contract.

6. **Disinfection By-Products Rule Assistance – ARRA Funds**

The chosen contractor will provide technical assistance to help public water supplies achieve/maintain compliance with the provisions of the existing Disinfection By-Product Rule (DBPR) and subsequent versions. In cooperation with MSDH, the contractor will accomplish the assistance through on site visits, meeting with system officials and operators, review water quality analysis and provide appropriate expertise for systems to comply with the demanding provisions of the DBPR.

Activity Objective – provide assistance to small community public water systems for the purpose of complying with the provisions of the DBPR.

Reporting/Evaluation – provide written quarterly reports using a format approved by MSDH on systems seeking technical assistance. The reports shall include but are not limited to: a) details of system helped; b) those present for assistance; c) difficulties presented for the system in compliance with DBPR; d) provide solutions the system would need in order to comply with DBPR; and e) other related items. The contractor shall meet with the Department on a quarterly basis to update the Department on accomplishments under this contract and answer any questions the Department might have regarding the implementation of this contract.

7. **Fluoridation Operation Assistance – ARRA Funds**

The chosen contractor will provide technical assistance to help public water supplies currently utilized to provide properly fluoridated water to its customers. In cooperation with MSDH, the contractor will accomplish the assistance through on site visits, meeting with system officials and operators, review sampling data and information in compliance with proposed MSDH reporting policy. This assistance will also be provided to systems that will be introducing fluoridation into their current treatment scheme in the near future for the purpose of provide properly fluoridated water.

Activity Objective – provide assistance to small community public water systems providing fluoridated drinking water to help them provide accurate and consistent sampling data information.

Reporting/Evaluation – provide written quarterly reports using a format approved by MSDH on systems that have been provided the assistance. The reports shall include but are not limited to: a) details of system helped; b) those present for assistance; c) difficulties presented for the system in compliance with MSDH reporting policy; d) provide solutions the system would need in order to comply with MSDH reporting policy; and e) other related items. The contractor shall meet with the Department on a quarterly basis to update the Department on accomplishments under this contract and answer any questions the Department might have regarding the implementation of this contract.

AGENCY RESPONSIBILITIES

The Mississippi State 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. Contracts of a regulatory nature will be handled solely by MSDH. 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 March 13, 2009, 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 was held on April 10, 2009, 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 set-aside will include additional funding associated with the ARRA. The state will take the full 10% of the ARRA to fund PWSS activities above and beyond the standard capitalization grant.

Furthermore, the 1996 Amendments to the Safe Drinking Water Act (SDWA) required the United States Environmental Protection Agency (EPA) to develop a Ground Water Rule (GWR) that specifies the appropriate use of disinfection and addresses other aspects of ground water systems to assure public health protection. A final GWR was promulgated on November 8, 2006 (USEPA, 2006a).

The GWR establishes a risk-targeting approach to identify GWSs susceptible to fecal contamination and requires corrective action to correct significant deficiencies and source water fecal contamination in public GWSs. A central objective of the GWR is to identify the subset of ground water sources that are at higher risk of fecal contamination among the large number of existing GWSs (approximately 147,000), and then further target those systems that must take corrective action to protect public health. This risk-targeting strategy includes the following:

- regular GWS sanitary surveys to check for significant deficiencies in eight key operational areas;
- a flexible program for identifying higher risk systems through existing TCR monitoring and state determinations; and
- ground water source monitoring to detect fecal contamination at targeted GWSs that do not provide 4-log treatment of viruses.

Measures to protect public health include the following:

- treatment technique requirements to address sanitary survey significant deficiencies and fecal contamination in ground water; and

- compliance monitoring to ensure that 4-log treatment of viruses is maintained where it is used to comply with this rule.

To meet the treatment technique requirements of this rule, GWSs with a significant deficiency or evidence of source water fecal contamination, following consultation with their primacy agency (herein referred to as "the State"), must implement one or more of the following corrective action options: correct all significant deficiencies; provide an alternate source of water; eliminate the source of contamination; or provide treatment that reliably achieves at least 99.99 percent (4-log) treatment of viruses (using inactivation, removal, or a State-approved combination of 4-log virus inactivation and removal) for each ground water source. Each of these corrective actions is intended to remove all or nearly all fecal contamination. In addition, the GWS must inform its customers of any uncorrected significant deficiencies or fecal indicator-positive ground water source samples.

The stimulus funds in the PWSS support category will be used to provide new and reassigned positions for compliance and survey tracking for the GWR which will affect more than 1280 public water systems in Mississippi. In the next three years, over 90 percent of the systems in MS will be required to deal with the rigorous provisions of the GWR which will go into effect on December 1, 2009. MSDH must have additional staff and resources to meet this challenge, especially in the first few years of the program. This will include onsite wastewater contamination issues as they pertain to significant deficiencies listed in the GWR Sanitary Survey Guidance. The contractual portion of the funds will be used to provide onsite technical assistance to the remaining PWS systems as described above in the technical assistance category. The GWR will affect all groundwater systems and the Disinfection Byproducts Rule will require several large water systems in Mississippi to provide expensive treatment or drastically improved monitoring and control. In addition, technical assistance will be provided to the remaining water systems not covered above that provide fluoridated drinking water to help them provide accurate and consistent sampling data and information in compliance with proposed MSDH reporting policy.

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 and the additional funding provided through the ARRA which will operator from October 1, 2009 to September 20, 2011

FUNDING AMOUNT (Standard Capitalization Grant)

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	$331,908
Fringe Benefits	$102,892
Capacity Assessment Processing Costs	$ 5,000

Contractual Agreements	$287,840
Indirect Costs	$ 86,960
Total Funding Amount	**$814,600**

FUNDING AMOUNT (ARRA)

The State reserves $1,462,500 or 7.5% of the ARRA of 2009 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	$674,864
Fringe Benefits	$209,207
Contractual Agreements	$401,615
Indirect Costs	$176,814
Total Funding Amount	**$1,462,500**

NUMBER OF FTE's PROJECTED FOR IMPLEMENTING THIS SET-ASIDE (Standard Capitalization Grant)

The State projects forty-four (44) FTEs will be required to implement the FY-09/10 PWSS Program. A total of 5.0 FTEs will be funded by this set-aside. $434,800 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 II	2.0
Environmental Engineer-In-Training	1.0
Total FTEs	**5.0**

The remaining $379,800 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.

NUMBER OF FTE's PROJECTED FOR IMPLEMENTING THIS SET-ASIDE (Economic Stimulus Grant)

The State projects forty-four (44) FTEs will be required to implement the FY-09/10 PWSS Program. A total of 10.0 FTEs will be funded by this ARRA set-aside. $895,412 will be reserved from the ARRA of 2009 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 Engineering Administrator	1.0
Office Director I	1.0
Environmental Engineer-In-Training	3.0
Environmental Administrator I	5.0
~~Division Director I~~	~~1.0~~
Environmental ~~Water Work~~ Operator Trainer ~~Instructors~~	3.0
~~Environmental Administrator III~~	~~1.0~~
~~Environmental Administrator II~~	~~2.0~~
Total FTEs	**13.0**

The remaining $578,429 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 or 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 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.

ARRA Funded Technical Assistance

The stimulus funds in the PWSS support category will be used to provide new and reassigned positions for compliance and survey tracking for the GWR which will affect more than 1280 public water systems in Mississippi. In the next three years, over 90 percent of the systems in Mississippi will be required to deal with the rigorous provisions of the GWR which will go into effect on December 1, 2009. MSDH must have additional staff and resources to meet this challenge especially in the first few years of the program. This will include onsite wastewater contamination issues as they pertain to significant deficiencies listed in the GWR Sanitary Survey Guidance. The contractual portion of the funds will be used to provide onsite technical assistance to the remaining PWS systems as described above in the technical assistance category. The GWR will affect all groundwater systems and the Disinfection Byproducts Rule will require several large water systems in Mississippi to provide expensive treatment or drastically improved monitoring and control. In addition, technical assistance will be provided to the remaining water systems not covered above that provide fluoridated drinking water to help them provide accurate and consistent sampling data and information in compliance with proposed MSDH reporting policy.

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. Activities conducted with ARRA funds will be scheduled to be completed by September 30, 2011.

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. Success of technical compliance assistance will be measured by reduced compliance problems for systems attempting to adhere to the requirements of the GWR and DBPR, as well as MSDH Fluoridation reporting requirements.

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	$3,264,627
State PWSS Overmatch	$ 0	$2,863,050
State PWSS Expenditures Eligible for 1:1 SPM Match	$128,266	$2,863,050
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 $2,863,050 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.

Mississippi 1:1 Requirement for FY 2009ARRA 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	$3,264,627
Remaining State PWSS Overmatch	$ 0	$2,048,450
State PWSS Expenditures Eligible for 1:1 SPM Match	$128,266	$2,048,450
State PWSS Expenditures Claimed for 1:1 SPM Match	$128,266	$1,462,500

Mississippi requests $1,462,500 of the ARRA 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, $1,462,500 in additional state funds will be required. The State provided $2,048,450 above the State's PWSS match requirement in FY-2009 and required 1:1 match for the Standard FY-2009 Capitalization Grant. 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 and ARRA, the State claims $1,462,500 from its FY-2009 PWSS overmatch as credit to satisfy

the $1,462,500 additional State match required to set-aside $1,462,500 of its FY-2009 ARRA 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	(N/A)	(N/A)

	DWSIRLF loan until this notification from MARO is provided.		
	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 Friday, July 10, 2009, 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.