Proposed DWSIRLF Program Loan Requirements

The following are proposed DWSIRLF Program requirements which will affect the ranking of projects for funding as determined by the Local Governments and Rural Water Systems Improvements Board (Board). These proposed requirements outline which projects will be funded and how they will be ranked within the priority system. The main provision that will be integrated into the priority system concerns the requirement of the addition of fluoride treatment to projects meeting certain criteria. The following information will be integrated into future Intended Use Plans starting with Fiscal Year 2010:

II. Priority System

The Safe Drinking Water Act (SDWA) provides the state with the flexibility to determine how to best utilize the capitalization grant. With 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(s) 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 the funding line (the current year's priority list) that have met all Priority System deadlines will be funded when they are ready to proceed. Additionally, when potential loan recipients are deciding on the needs for their public water supplies, they should ensure that all public health and state safe drinking water laws are followed. If a new state regulation becomes a new requirement of Mississippi's public water supplies, appropriate planning and design of the project(s) will be necessary in order to receive funding. It is understood that if a proposed project is specifically designed to meet a specific need(s) unrelated to a new requirement, the Board may waive the new requirement. This waiver would be in concurrence with Bureau of Public Water Supply.

B. Priority System Categories

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

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

b. *Category II - Primary Drinking Water Standards*
This category includes projects to facilitate compliance with Primary Drinking Water Standards. To qualify for this category, projects must correct deficiencies resulting in non-compliance with the primary drinking water standards. Depending on the existing water system treatment setup or the project scope, additional treatment requirements may be required to be added to the project.

c. *Category III - One Well*
This category includes projects to provide additional water supply to systems that have neither a backup well nor an MSDH-approved emergency tie-in to another system to ensure safe drinking water; thereby protecting the health of the existing population. Depending on the existing water system treatment setup, additional treatment requirements may be required to be added to the project.

d. *Category IV - Pressure Deficiencies*
This category includes projects to correct documented deficiencies that result in existing systems routinely failing to maintain minimum acceptable dynamic pressure. Experience has shown that failure of water systems to maintain minimum acceptable dynamic pressure is the major cause of system contamination in Mississippi. System contamination that

results from inadequate water system pressure is considered by the MSDH to be one of the most serious drinking water-related threats to public health in Mississippi.

e. *Category V – Source Water Protection Projects*

This category includes projects to manage potential sources of contaminants/pollutants and/or prevent contaminants/pollutants from reaching sources of drinking water. To be eligible for loan participation potential contaminants/pollutants and source water protection areas must have been identified in the public water systems Source Water Assessment Plan Report (SWAPR) prepared by the Mississippi Department of Environmental Quality's Groundwater Planning Branch (GPB). If the public water system has not received its SWAPR from the GPB yet, or has documentation that may change its SWAP, it shall provide in the facilities plan suitable documentation of potential sources of contaminants/pollutants that is acceptable to the GPB before the project will be deemed eligible.

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

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

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

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

This category includes projects to provide additional supply to systems with insufficient back-up water supply sources to ensure safe drinking water, and thereby protect the health of the existing population. As a minimum, a system using ground water should be able to lose any one of the wells supplying the system and still maintain minimum acceptable dynamic pressure throughout the entire system. Depending on the existing water system treatment setup, additional treatment requirements may be required to be added to the project.

h. *Category VIII - Existing Facilities Upgrades (Meeting Primary Standards)*
This category includes projects to rehabilitate, replace, protect or upgrade deteriorated, worn, aged or obsolete equipment, facilities, etc., to assure continued, dependable operation of water systems where such systems are already meeting Primary Drinking Water Standards. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project

i. *Category IX – Fluoride Addition*
This category is for projects that either rehabilitate existing fluoride treatment facilities at well or treatment plant sites, or add new facilities to existing well or treatment plants.

j. *Category IX - Secondary Drinking Water Standards Projects*
This category includes projects to provide treatment that brings systems into compliance with Secondary Drinking Water Regulations. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project.

k. *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.

l. *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.