FINAL
STATE OF MISSISSIPPI
LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD
Title 33: Public Health - Local Governments & Rural Water Systems Improvements Board
Part 4: Drinking Water Systems Improvements Revolving Loan Fund Program Regulations

STATE OF MISSISSIPPI
DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM

FINAL
FFY-2015 INTENDED USE PLAN

Presented to the Board for Review and Comment
on January 23, 2015

MISSISSIPPI STATE DEPARTMENT OF HEALTH

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS

IMPROVEMENTS BOARD

P. O. BOX 1700 SUITE U-232

JACKSON, MISSISSIPPI 39215-1700

(Blank)

FINAL
STATE OF MISSISSIPPI
LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD
Title 33: Public Health - Local Governments & Rural Water Systems Improvements Board
Part 4: Drinking Water Systems Improvements Revolving Loan Fund Program Regulations

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND

FFY-2015 INTENDED USE PLAN
TABLE OF CONTENTS

I. INTRODUCTION 5

- **A. State of Mississippi's Drinking Water State Revolving Fund**
- **B. Program Overview**
- **C. Public Input, Review, and Comment Procedures**

II. GOALS OF MISSISSIPPI'S DRINKING WATER SYSEMS IMPROVEMENTS REVOLVING LOAN FUND (DWSIRLF) PROGRAM 6

- **A. Basic Goals**
- **B. Long-Term DWSIRLF Goals**
- **C. Short-Term DWSIRLF Goals**

III. STRUCTURE OF MISSISSIPPI DWSIRLF 9

- **A. DWSIRLF Loan/Operations Fund**
  1. *Types of Eligible Projects:*
  2. *Set-aside Accounts:*
- **B. DWSIRLF State Match Funds**
- **C. Drinking Water Systems Emergency Loan Fund (DWSELF)**

IV. FINANCIAL STATUS OF THE DWSIRLF 10

- **A. Source and Use of Fund**
  1. Federal Allotment
  2. *State Match Requirements*
  3. *Loan Increase Reserve*
- **B. Financial Planning Process**
  1. Efficient Bond Management
  2. *Interest Rate Determination*
  3. *Investment*
- **C. Financial Terms of Loans**
  1. Funding Limit
  2. *Interest Rate*
  3. *Administration Fee*
  4. *FFY-2015 Appropriation Special Provisions*
  5. *Other Related Issues*

V. SET-ASIDE ACTIVITIES **16**
- **A. Administration**
- **B. Small System Technical Assistance**
- **C. State Program Management**
- **D. Local Assistance and Other State Programs**

VI. PRIORITY SYSTEM **18**
- **A. Funding and Ranking Rationale**
  1. Funding Lists and Bypass Procedure
  2. *FFY-2015 Green Infrastructure Requirement*
  3. *Loan Decreases*
  4. *Match for Special Appropriations Project (SPAP) Grants*
  5. *Subsidization from FFY-2015 Federal Appropriation*
- **B. Priority System Categories**
- **C. Priority Ranking Criteria**
- **D. Priority System Deadlines**

VII. FFY-2015 PRIORITY LIST **29**
VIII. EXPECTED PUBLIC HEALTH OUTCOMES & PERFORMANCE MEASURES **34**

APPENDICES **36**
- **A. FFY-2015 Anticipated Available Funds for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSRF) Program** **37**
- **FFY-2014 End of Year Funds Report-Mississippi DWSIRLF Program -- October 1, 2014** **39**
- **B. PROJECTED SCHEDULE OF OUTLAYS** **41**
- **C. PROJECTED PAYMENT (FEDERAL LETTER OF CREDIT) SCHEDULE** **42**
- **D. PROJECTED SCHEDULE OF DRAWDOWNS AGAINST FEDERAL LETTER OF CREDIT** **43**
- **E. MISSISSIPPI SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE WORK PLAN** **44**
- **F. MISSISSIPPI STATE PROGRAM MANAGEMENT SET-ASIDE ANNUAL WORK PLAN** **48**
- **G. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS ANNUAL WORK PLAN** **53**
- **H. MISSISSIPPI STATE PROGRAM SET-ASIDE MATCH REQUIREMENTS – MISSISSIPPI 1:1 REQUIREMENT FOR FFY-2015 STATE PROGRAM MANGEMENT SET-ASIDE** **55**
- **I. COORDINATION SCHEDULES FOR JOINTLY FUNDED PROJECTS** **56**
- **J. DRINKING WATER SYSTEMS EMERGENCY LOAN FUND PROGRAM** **61**
- **K. CERTIFICATIONS** **62**

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 (Cap) 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 Cap grants, the SDWA requires that each state annually prepare an Intended Use Plan (IUP) 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 Cap grants. Each state's allotment of those grants is based on EPA's Needs Survey that is performed every four years. State matching funds totaling 20% of the federal grant amount to that state are required to be deposited into the Fund and have historically been provided through the issuance of bonds. The purpose of this IUP is to convey the State of Mississippi's (State) DWSRF plan for Federal Fiscal Year (FFY) 2015 to EPA, other state agencies, the state's public water supplies, and the general public.

B. Program Overview

The basic framework under which the DWSIRLF Program operates is established by two documents. The first document is the Drinking Water State Revolving Fund Loan Program Operating Agreement (Operating Agreement) between the Mississippi State Department of Health and the Environmental Protection Agency, Region IV. The current 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 the IUP which describes how the State of Mississippi will use the funding received from the EPA Cap grant which is received each year.

The amount of the FFY-2015 Cap Grant from EPA for Mississippi is not known at this time; therefore, the grant amount received by Mississippi in FFY-2014 will be used in this IUP for planning purposes until the actual Cap Grant amount is known. A Cap Grant amount of $9,159,000 will be used for these purposes. The FFY-2015 DWSRF Cap grant application will request an amount of $9,159,000; these funds must be used in the time period of July, 2015, through June, 2019. The FFY-2015 IUP will show in detail the goals (basic, long-term and short-term), the structure, and the financial status of the Program; the role of the set-aside activities within the state; and most importantly, the distribution of funds towards public water system improvements projects and the criteria used to determine their ranking within the priority system. Those desiring to receive a copy of this document may contact Ulysses Conley, Program Support Specialist, at (601) 576-7518.

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 requirements of the "Mississippi Administrative Procedures Law" prior to final submission of the IUP to EPA. A public notice period of at least twenty-five (25) days allows for review and comment before an oral proceeding. A second filing with the Secretary of State's Office occurs with the IUP becoming law 30 days later.

A public notice was given in *The Clarion Ledger*, a newspaper of statewide circulation, that an oral proceeding would be held at 9:00 a.m. on Thursday, January 22, 2015, to receive any written and oral comments on this IUP. A transcript of the oral proceeding, recording the comments and recommended solutions, will be submitted to EPA along with the Final IUP. Those desiring to receive a copy of the oral proceeding transcript may contact Ulysses Conley, Program Support Specialist, at (601) 576-7518. 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.healthyms.com/dwsrf.

II. Goals of Mississippi's Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program

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. These 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 drinking water.

A. Basic Goals

1. Maintain a financially sound DWSIRLF in perpetuity; meet a portion of the drinking water needs in the state within a reasonable period of time; and fund projects in order of public health importance. 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.

2. Determine the DWSIRLF's yearly interest rate, taking into consideration that it must be competitive with the private sector, as well as with other available funding sources within the state. This will ensure the timely use of available funds, as well as ensure sufficient 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 periodically evaluate the existing Program requirements and procedures to determine ways to streamline the DWSIRLF Program's application and repayment procedures, making it more user-friendly, attractive and beneficial to loan recipients, while ensuring continued compliance with all federal and state regulations and requirements.

2. Program staff 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. Continue programs to protect the State's ground water by using designated funds from the Cap grants to fund abandonment and plugging of wells. Since FFY-2012 the Program has been using the Local Assistance and Other State Programs set-asides to properly abandon inactive wells and open holes. Inactive wells and

open holes are potential avenues of contamination to the aquifer and a danger to humans. This program is a worthwhile endeavor that will protect the source water of the state's water supplies.

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

5. Develop a comprehensive engineering project manager (PM) manual. The Bureau of Public Water Supply continues to make changes to the personnel involved with the DWSIRLF Program as the need arises. A comprehensive manual for project management will help ensure new PMs will have all the necessary tools and reference materials at their disposal to ensure the ongoing project flow will be uninterrupted. Since regulations change periodically, once the manual is completed it will be maintained by assigned staff.

C. Short-Term DWSIRLF Goals

1. Enhance and/or improve the 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 consulting 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.

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

3. Assist applicants in addressing capacity assessment deficiencies found during annual inspections by using technical solutions afforded by the technical assistance set-aside contractors. New or forthcoming regulations may make this a key goal in the future.

4. Train new staff members using available training sessions provided by EPA Region IV staff.

5. Meet special funding goals: The FFY-2015 federal appropriation may introduce additional provisions that will require additional compliance monitoring, thus creating an additional burden to the Program.

6. Automatic repayment collection system: Continue the implementation of an automatic repayment collection system; many loan recipients in the Program's

repayment mode desire an automatic electronic repayment system as is available in the public sector. The DWSIRLF, by instituting this payment option, will ensure a more timely receipt of monthly repayments, as well as make the repayment process much more convenient for our loan recipients.

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 are broken down further into designated accounts, each having a specific function.

A. DWSIRLF Loan/Operations Fund

Monies in the Fund support a majority of the functions of the DWSIRLF. These functions include: program administration, set-aside operations, and most importantly, provide disbursements to public water systems for eligible projects. The DWSIRLF is a reimbursement program, meaning that after the loan is awarded, costs associated with planning, designing and constructing the project are reimbursed to the recipient. Cap 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 by the Program. For a more detailed explanation of eligible costs for projects, please reference Appendix A of the DWSIRLF Regulations.

2. Set-aside Accounts:
   The set-aside accounts reside under the umbrella of the Fund and are distinctly designated by reporting categories. A listing of the set-asides taken by Mississippi includes the following:
   a. Administrative Set-aside: Provides financial support to administer the loan Program and other non-project-related activities.
   b. Small System Technical Assistance Set-aside: Provides technical assistance to small water systems through the current 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: Provides additional financial support to MSDH – Bureau of Public Water Supply for Public Water System Supervision Program.
   d. Local Assistance and Other State Programs: Provides funding for the implementation of a wellhead protection program through current contractual services with the Mississippi Rural Water Association (MsRWA) and Mid-South Water, LLC.

B. DWSIRLF State Match Funds

As required by the SDWA, the State of Mississippi must match the Cap 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; however, in the 2014 legislative secession, the State Legislature authorized a direct appropriation for the state match. While state match monies are maintained separately from the Fund for accounting purposes, they are still considered to be under the "umbrella" protection of the DWSRF Fund.

C. Drinking Water Systems Emergency Loan Fund (DWSELF)

The DWSELF Fund contains state monies that are 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

The amount of the FFY-2015 Cap Grant from EPA for Mississippi is not known at this time; therefore, the grant amount received by Mississippi in FFY-2014 will be used in this IUP for planning purposes until the actual Cap Grant amount is provided. A Cap Grant amount of $9,159,000 is used for these purposes. Funding amounts and their use are outlined in Appendix A.

The anticipated FFY-2015 EPA Capitalization Grant allotment for Mississippi is $9,159,000 which will require a 20% state match of $1,831,800; this provides an anticipated amount of $10,990,800 for both loans and set-aside activities.

With $1,931,204 being utilized for set-aside activities, $9,059,596 will be used for loans to Mississippi public water supplies; additionally, unobligated funds from the previous year, anticipated loan repayments and interest earnings (all of which are not classified as state match) should also be available as additional funding sources.

The FFY-2015 "Set-aside" use for the standard Cap grant is outlined in Section V of this IUP. Necessary work plans showing utilization of these funds are found at the end of this IUP.

1. Federal Allotment
   If the FFY-2015 Capitalization Grant for Mississippi is $9,159,000 the state match requirement to federal grant funds (cash draw ratio) will be 20.22% state

match funds to 79.78% federal grant funds; this requirement will be stated in the grant application.

2. State Match Requirements
Until 2014 the state 20% match was provided through 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 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 was sold and deposited into the Fund on October 5, 2000.
   - $3,294,840 was used as match for the FFY-1997 Cap grant,
   - $1,654,340 was used as match for the FFY-1998 Cap grant,
   - $1,733,900 was used as match for the FFY-1999 Cap grant,
   - $1,802,020 was used as match for the FFY-2000 Cap grant,
   - $1,809,480 was used as match for the FFY-2001 Cap grant,
   - $1,610,500 was used as match for the FFY-2002 Cap grant,
   - $1,600,820 was used as match for the FFY-2003 Cap grant,
   - $1,494,100 was used as match for $7,470,500 of the FFY-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 FFY-2005.
   - $129,776 was used as match for $648,880 of the FFY-2004 Cap grant.
   - $36,744 was used as match for $183,720 which was the remaining FFY-2004 Cap grant.
   - $1,573,480 was used as match for $7,867,400 of the FFY-2005 Cap grant.

During the 2006 Regular Legislative Session, the Legislature authorized the sale of general obligation bonds in the amount of $4,003,000, which were sold and deposited in the SRF Fund during the 1st Quarter of FFY-2007. After paying the issuance cost of $2,128.26:
   - $83,620 was used to match the remaining $418,100 of the FFY-2005 Cap grant.
   - $1,645,860 was used to match the FFY-2006 Cap grant ($8,229,300).
   - $1,645,800 was used to match the FFY-2007 Cap grant ($8,229,000).
   - $625,591 was used to match a portion ($3,127,955) of the FFY-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 FFY-2009. After paying issuance costs of $2,256.05:

- $1,003,609 was used to match the remaining FFY-2008 Cap grant.
- $1,629,200 was used to match the FFY-2009 Cap grant ($8,146,000).
- $1,364,935 was used to match a portion of the FFY-2010 Cap grant or $6,824,675.

During the 2010 Regular Legislative Session, the State Legislature authorized an additional $1,400,000 in general obligation bonds which were sold and deposited into the Fund during the 4th Quarter of FFY-2010. After paying issuance cost of $9,087:

- $1,390,913 was used to match a portion ($6,954,566) of the FFY-2010 Cap grant.

During the 2011 Regular Legislative Session, the State Legislature authorized an additional $2,700,000 in general obligation bonds which were sold and deposited into the Fund during the 4th Quarter of FFY-2011. After paying issuance and discount costs of $13,105:

- $69,152 was used to match the remaining FFY-2010 Cap grant ($345,760).
- $1,960,400 was used to match the FFY-2011 Cap grant (9,802,000).
- $1,834 was used to match $9,166 which was transferred to DWSIRLF from the remaining balance of the MS Operator Certification Grant for making additional loans.
- The remaining $655,509 was used to match $3,277,545 of the FFY-2012 capitalization grant leaving a balance of $6,063,455 to be matched.

During the 2013 Regular Legislative Session, the State Legislature authorized an additional $1,000,000 in general obligation bonds. These bonds were sold and the funds were deposited into the DWSIRLF in December 2013. No issuance or discount costs were charged, therefore, the full $1,000,000 bond amount is available to match a portion ($1,902,240) of the FFY-2013 Cap grant and match a portion of ($3,097,760) of the remaining FFY-2012 Cap grant. The $1,000,000 state bond funds will be used as follows.

- $380,448 will match the FFY-2013 Cap Grant Set-aside amount ($1,902,240).
- $619,552 will match $3,097,760 of the remaining FFY-2012 Capitalization Grant.
- $593,139 from the Drinking Water Systems Emergency Loan Fund (DWSELF) will be used to complete the match of the remaining FFY-2012 Capitalization Grant ($2,965,695). (That portion of the DWSELF which exceeds the $5,000,000 initially deposited in the fund may be used to match capitalization grant funds).
- $26,861 remaining from the $620,000 used from the DWSELF Fund will be used to match a portion ($134,305) of the FFY-2013 Cap Grant.

During the 2014 Regular Legislative Session, the State Legislature authorized $1,000,000 in direct funding for the DWSRF program and the use of $2,000,000 in an existing MSDH account for the DWSRF program. Additionally, $180,000 was used from the Drinking Water Systems Emergency Loan Fund (DWSELF).

The total of all the state match funds matched all outstanding EPA Grant funds; the remaining portion of the FFY-2013 Cap Grant ($6,727,455) and the total FFY-2014 Cap Grant ($9,159,000). The $3,180,000 of state funds was used as follows.

- $1,345,491 matched the remainder of the FFY-2013 Cap Grant amount ($6,727,455).
- $1,831,800 matched the FFY-2014 Capitalization Grant ($9,159,000).
- $2,709 from the Drinking Water Systems Emergency Loan Fund (DWSELF) will remain to be used as match for future Capitalization Grants.

It is anticipated that the State Legislature will continue to provide a direct appropriation for the State's 20% match portion of the FFY-2015 EPA Capitalization Grant. If this happens, the match amount would be $1,831,800 for an amount of $9,159,000.

3. Loan Increase Reserve
   Beginning in FFY-2003 the Board began to make loan awards after approval of the facilities plans and loan application, rather than after completion of the project design. This change in the loan award sequence increased the likelihood that bid overruns on some projects could be greater than the construction contingency included in the loan agreement. In order to be able to provide loan increases (when needed) to existing loans, the Board intends to set-aside the amount indicated in Appendix A for such loan increases; loan increases will be awarded on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards to the highest ranking project(s) that is ready for loan award at the time funds become available.

B. Financial Planning Process

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

1. Efficient Bond Management
   The Board intends that the MSDH apply for the entire state Cap grant allotment under the federal DWSRF, including the set-asides described in Section V below. State bond proceeds obtained shall be deposited into the DWSIRLF Fund and shall be used as the state match for federal DWSRF Cap grants.

2. Interest Rate Determination
   It is the Board's intention to adjust interest rates such that the demand will 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 Fund 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 used for the purpose of making loans to the public water systems within the State of Mississippi.

1. Funding Limit
   Under state law, the Board has the discretion to set the maximum amount for DWSIRLF loans. For FFY-2015 a maximum loan amount of $5,000,000 per borrower has been set by the Board. The Board may allow (on a case-by-case basis if requested by the borrower and the need has been justified) the maximum loan limit to be exceeded by vote of the Board. Furthermore, during FFY-2015, no more than one loan per borrower will be allowed. At the end of the fiscal year, in the event that funds are available, systems previously receiving an award during FFY-2015 may obtain an additional award(s) or an increase to a previous FFY-2015 award, if no other eligible systems are evident.

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

3. Administration Fee

Revenues to pay for 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 FFY-2015 loans.

4. FFY-2015 Appropriation Special Provisions
   The Federal 2015 appropriations bill has not been finalized and the final EPA FFY-2015 Cap Grant allotment amounts and any additional federal requirements are not known. It is anticipated that subsidization requirements will be required for the FFY-2015 Cap Grant; the subsidization is expected to be in the form of "principal forgiveness", "negative interest rates", or a combination of the two. The anticipated amount of subsidization is expected to be a minimum of 20% of the Cap Grant amount up to 30% of the Cap Grant amount. If the FFY-2015 Cap Grant is $9,159,000 the subsidization amount would be between $1,831,800 (20%) to $2,747,700 (30%) if the Cap Grant amount is $9,159,000. Furthermore, all loans made with all or part FFY-2015 federal appropriation funds are expected to include the Davis-Bacon Act requirements and <u>may</u> include the American Iron and Steel requirements. Appropriate language will be added to all FFY-2015 loan agreements identifying the additional responsibilities for loan recipients. "Green Infrastructure" requirements are not expected to be an appropriation requirement; however, the Program will continue to encourage those types of projects to seek funding from the DWSIRLF.

5. Other Related Issues
   a. *Type of Assistance Provided:* The assistance to be provided under the DWSIRLF 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; able to enter into a DWSIRLF loan agreement; and have the ability to repay the DWSIRLF loan. With the funds afforded through the FFY-2014 federal appropriation, the DWSIRLF will be able to make loans that will have an amount of "principal forgiveness", if the loan recipient is designated a disadvantaged community. When the specifics of the FFY-2015 appropriation bill become known, the Board may set a limit on the total amount of grant funds that would be designated for additional subsidy. Once the limit of the appropriation subsidy funds has been reached for FFY-2015, loans will return to the DWSIRLF's standard terms without principal forgiveness. In all cases, 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 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, 2014, and the DWSIRLF loan is awarded by September 30, 2015.
   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 FFY-2015 Priority List expires on September 30, 2015. Projects listed in the FFY-2015 Priority List that do not receive funding by this date will not be funded under the FFY-2015 funding cycle and will be subject to the requirements of subsequent IUPs and Priority Lists. Detailed information for the FFY-2015 DWSIRLF projects is shown in Section VIII of this IUP. To facilitate the use of FFY-2015 federally appropriated funds, the priority list may be adjusted to allow funds to 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 Cap grant to support non-project-related drinking water programs which includes administration of the loan program, technical assistance to public water systems, state program management, and other special activities. The state plans to use $1,931,204 of the FFY-2015 Federal Capitalization grant to support the non-project-related drinking water programs activities along with an additional $915,900 in state money needed for state program management match. These non-project-related programs will be operated by MSDH within the agency itself or through contracts with other agencies or organizations. Contracts between the MSDH and other agencies or organizations will be approved by the Board. Work plans detailing how funds will be expended for the set-asides utilized are included as appendices within this IUP. Additionally, progress reports will be included in the Annual Report for those set-asides utilized. The state has elected not to take any additional set-asides from the FFY-2015 Local Assistance and Other State Programs appropriation, but reserves the right to make revisions to utilize additional funds from this set-aside.

A. Administration

Standard Capitalization Grant

The state plans to reserve for use at a later date the 4% administrative set-aside from the FFY-2015 Capitalization Grant ($366,360); the state will use the 4% administrative set-aside amount previously reserved from the FFY-2003 Capitalization Grant ($320,164) by taking an equal amount from the FFY-2015 Capitalization Grant for the administration of the Program in FFY-2015. This change will decrease the total set-aside amount for the FFY-2015 Cap grant from $1,965,440 to $1,919,244. Costs beyond this set aside amount will be paid from the funds generated by the 5% administrative fee taken from loan repayments.

The state will continue to exercise its right to reserve the Administrative amounts from the FFY-2009 Cap Grant ($325,840), the remaining balance of the FFY-2010 Cap Grant ($282,500), the FFY-2011 Cap Grant ($392,080) and the FFY-2014 Cap Grant ($366,360). These amounts are planned to be taken from future capitalization grants (over the next several years) for administration of the Program. Reserving previous years' 4% administrative set-aside will ensure that the Program will continue to operate with an adequate DWSIRLF staff for proper management of the Program. The reserved set-aside amounts are based on the original capitalization grants awarded during those previous fiscal years.

B. Small System Technical Assistance

Standard Capitalization Grant
The state will use the Small Systems Technical Assistance (2%) set-aside from the FFY-2015 Cap Grant ($183,180) to provide technical assistance to public water systems serving areas with populations of 10,000 or less. With approval by the Board, the state intends to use this set-aside to fund contracts for the following activities: Special Technical Assistance to Referred Systems; Board Management Training for Water System Officials; On-Site Technical Assistance; PEER Review Program; and Hands-on Operator Training. Each of these activities is described in detail in the State of Mississippi's Small Systems Technical Assistance Set-Aside Work Plan included as Appendix F to this IUP.

C. State Program Management

Standard Capitalization Grant
The state intends to use the full 10% set-aside from the FFY-2015 Cap grant ($915,900), as authorized by Section 1452(g)(2) of the Safe Drinking Water Act of 1996 for State Program Management. The funds will 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's 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 the Cap grant funds used for these activities. The dollar-for-dollar match is in addition to the twenty (20%) percent state match required for the Cap grant.
The state is allowed to offset the 100% match requirement by claiming credit for State FFY-2015 PWSS expenditures that exceed the State's FFY-2015 PWSS match

requirement. The state is further allowed to use state FFY-2015 PWSS expenditures as a "coupon" to offset the 100% match requirement as long as this amount does not exceed the amount that can be claimed from FFY-2015 expenditures. The MSDH Bureau of Public Water Supply has elected to decline the "coupon" since it sees this as providing no additional monetary benefit to the State Program Management Program.

A tabulation showing amount and source of funds to satisfy match requirements for the FFY-2015 State Program Management set-aside is furnished as Appendix H to this IUP.

D. Local Assistance and Other State Programs

The state intends to use $500,000 (5.46%) of the 15% set-aside amount which is allowed from the FFY-2015 Cap grant to provide funding for wellhead protection projects throughout the state. These funds will be used to properly abandon inactive wells that pose a risk to existing active public water supply source water wells, as well as the environment.

VI. Priority System

The SDWA provides the state with the flexibility to determine how to best utilize the Cap grant. To meet the particular and unique issues facing the public water systems in Mississippi, SDWA requirements allow states to 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 will be placed on the Planning List. It is the Board's judgment with input from the DWSIRLF staff as to when a project is ready to proceed. Loans will be awarded to projects (within available funds) that are above the funding line on the current year's Priority List, that have met all Priority System deadlines and are ready to proceed.

1. Funding Lists and Bypass Procedure
   Should any projects on the FFY-2015 Priority List (which are 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. Released funds will first be made available to listed projects, to ensure that all projects above the funding line meeting priority system deadlines are funded. Any remaining funds will be

made available to the highest ranking project(s) shown below the funding line that is ready for loan award at the time funds become available. If no projects 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. FFY-2015 Green Infrastructure Requirement
The FFY-2015 federal appropriation is not expected to require that a percentage of the funds appropriated for the Revolving Funds be designated for projects that exhibit the elements of green infrastructure, water efficiency improvements, energy efficiency improvements or other environmentally innovative projects. However, projects that wish to be classified in the following elements will be reported as green infrastructure to the EPA through its "Project and Benefits Report Database" and noted in the future annual report. Projects may exhibit one or more of the "green" elements and the details of the project's "green" content will be identified in the business case required for each project if the recipient so chooses.

- **Green infrastructure projects** include a wide array of practices at multiple scales; green infrastructure projects will manage wet weather and will maintain and restore natural hydrology by infiltrating, evapotranspiring and harvesting and using storm water. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, it may consist of site- and neighborhood-specific practices, such as bio-retention, trees, green roofs, permeable pavements and cisterns.

- **Water efficiency projects** are designed to use improved technologies and practices to deliver equal or better services with less water. It encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future.

- **Energy efficiency projects** are designed to use improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy.

- **Environmentally innovative projects** include projects that demonstrate new and/or innovative approaches to deliver services or manage water resources in a more sustainable way.

Projects desiring to be classified as "green" will be judged for eligibility based on the guidance supplied by the EPA and that is available at our website www.healthyms.com/dwsrf. Systems desiring "Green Infrastructure"

classification will be required to present a "business case" establishing justification for the classification request. Guidance for establishing a "business case" is available to assist potential loan recipients in preparation of the documentation.

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 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. Subsidization from FFY-2015 Federal Appropriation
   EPA is expected to mandate that a minimum of 20% but no more than 30% of the FFY-2015 Cap grant be provided as additional subsidization to disadvantaged communities. Based on the FFY-2015 grant amount of $9,159,000 the amount of subsidization will be between $1,831,800 and $2,747,700. The DWSIRLF's subsidization will be in the form of "Principal Forgiveness" (PF) to individual public water supplies that are considered disadvantaged communities and which received reimbursements with Federal Cap grant funds during the construction of the project. If the amount of PF which a project is eligible exceeds the amount of Federal Cap grant funds which it received, the amount of PF extended will be limited to the amount of Federal Cap grant funds used for reimbursement.

   Subsidization may be used over a two year period. Subsidization remaining from a previous year may be awarded to loans which are eligible for PF over a two year

time period. Subsidization for FFY-2014 may be awarded to projects eligible for PF in FFY-2015 and FFY-2016.

Disadvantaged Community Program

During FFY-2015, the following PF methodology will be used since it is anticipated that the FFY-2015 federal appropriation will continue to require the state to provide additional subsidy for disadvantaged communities.

The amount of PF for which a potential "Loan Recipient" (LR) may be eligible will be determined by calculating the percentage of the "Median Household Income" (MHI) of the potential LR versus the MHI of the State of Mississippi ($36,311) as a whole.

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

This PF will be extended to projects until all mandated subsidy funds are obligated. The amount of PF given will be assigned at loan award and will not change after the project goes to the bid phase. Additionally, due to the limited amount of PF funds, the maximum amount of PF funds a loan recipient may receive for a project will be set at $500,000. Once subsidy funds are depleted, only standard loans will be made with DWSIRLF funds.

MHI's to be used for calculating PF will be those displayed in the publication "The Sourcebook of Zip Code Demographics", Twenty-third Edition. Where the affected community is included in more than one zip code area, an average will be used for the community's MHI.

In the event that a LR declines their loan that includes PF, the released PF may be reallocated to other projects for the present fiscal year that are eligible for PF or the PF may be carried over to projects for the next fiscal year.

If returned PF funds are reallocated to projects awarded during the existing fiscal year. The reallocation of PF will be given first to projects which did not receive their full allowable amount based on the above table up to the maximum allowed limit.

If <u>all</u> projects have received their full allowable amount, returned PF funds may be reallocated to projects awarded PF during the existing fiscal year based on a percentage of the individual LR's initial loan amount to the total loan amount of loans awarded PF during the fiscal year.

In all cases, the amount of PF which is awarded to a project may not exceed the amount of Federal Cap grant funds which the project was reimbursed during the construction of the project.

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 - Segmented Projects*
   This category of projects includes any remaining segments of projects that previously received funding for an integral portion of that project, and are necessary for the entire project to be functional. Projects will be funded under this category in order of their regular priority ranking provided they meet the deadlines established in Section D.

   In order to maintain continuity, the Board intends to make some amount of funds available for each ongoing-segmented project. Preference in the amount of funds to be provided will be given to the projects that received the earliest loan award for their initial segment.

2. *Category II - 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.

3. *Category III - 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 nature of the project, additional treatment requirements may be necessary as part of the proposed project.

4. *Category IV - One Well*
   This category includes projects to provide additional water supply to systems that have neither a backup well or 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 nature of the project, additional treatment requirements may be necessary as part of the proposed project.

5. *Category V – 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

6. *Category VI - 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 (DEQ-GPB). If the public water system has not received its SWAPR from the DEQ-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 DEQ-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 DEQ-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.

7. *Category VII - 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.

8. *Category VIII - 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.

9. *Category IX – 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.

10. *Category X - 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.

11. *Category XI - 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.

12. *Category XII – 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.

13. *Category XIII – 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 SDWA (3) use consolidation with other systems to correct existing deficiencies and improve management; (4) take into consideration the system's current capacity; (5) encourage

participation in short-term and long-term technical assistance programs; and (6) encourage 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; be defined as the sum of individual connections **currently experiencing deficiencies that will be corrected by the improvement;** and include 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 "Median Household Income" (MHI) for the State of Mississippi ($36,311)* MHI for the affected community. The affordability factor used in the calculation will be no less than 1.0 and no greater than 1.5.

   The MHI 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 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 case of a tie 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 available 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.

D. Priority System Deadlines

1. By October 1, 2014, a complete DWSIRLF facilities plan, prepared in accordance with the DWSIRLF loan program regulations, must be submitted to MSDH.
   A complete DWSIRLF facilities plan includes: all Intergovernmental Review (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 provide a copy of the facilities plan to USDA - Rural Utilities Service (RUS); if the loan applicant has an existing debt with RUS, their approval to incur the additional debt must be obtained and provided as part of the plan.

   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. If the change is made after adoption of the IUP, 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 FFY-2015 and to be able to qualify for the Previous Year Certified Projects Category in the FFY-2015 IUP.

2. By May 1, 2015, 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. It is recommended that they request a pre-application conference with DWSIRLF staff as early in the application process as practical. This deadline also applies to all projects competing for released funds during FFY-2015 and to be able to qualify for the Previous Year Certified Projects Category in the FFY-2015 IUP.

3. By August 1, 2015, 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 FFY-2015 and to be able to qualify for the Previous Year Certified Projects Category in the FFY-2015 IUP.

VII. FFY-2015 Priority List

FINAL

Fiscal Year - 2015 Mississippi Drinking Water Systems Improvements
Revolving Loan Fund Program Priority List

Category II: Previous Year Certified Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Mendenhall, City of	Installation of 8" PVC	39114	6081	2504	$33,225		$209,050	$209,050
Wiggins, City of	1000 GPM Well/3,000 ft.8" Main/Seal Well	39577	1055	4747	$0	$0	$1,610,668	$1,819,718

Category III: Primary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	6020	10000	$0	$0	$412,000	$2,231,718
Yazoo, City of	New Well/Water Distribution System	39194	2866	16400	$0	$0	$1,855,557	$4,087,275
Taylorsville, Town of	New Water Well/Rehab Existing Storage Tank	39168	927	2000	$0	$0	$815,000	$4,902,275

Category IV: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Duffee Water Assoc.	Backup Well	39337	868	2617	$82,409		$746,307	$5,648,582

Category V: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Bear Creek Water Associations, Inc.	Installation of 12" and 16" Water Mains	39046	7141	40000	$0	$0	$1,600,000	$7,248,582

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

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Madison, City of	Construction of 1Mil Gallon Storage Tank	39110	1664	13986	$0	$0	$2,800,895	$10,049,477
Brookhaven, City of	Install Water Main/Rehab Existing Facilities	39602	1221	13300	$500,000		$3,925,130	$13,974,607
Jumpertown, Town of	Water Dist. System Improvements	38829	574	1500	$0	$0	$938,060	$14,912,667
Tupelo, City of	Upgrade Water Distribution System	38802	152	34500	$0	$0	$659,000	$15,571,667
Brookhaven, City of	Water Distribution Extension	39602	133	12515	$0	$0	$3,000,000	$18,571,667

Category VIII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Winona, City of	New Water Well	38967	6515	5800	$140,875	$0	$402,500	$18,974,167
Magee's Creek W/A	Construct New 150,000 Gal. Tank/Treatment	39667	2785	7992	$438,550	$0	$1,253,000	$20,227,167

Category IX: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Lumberton, City of	Replace/Upgrade Water Mains	39455	2440	2228	$276,975		$1,107,900	$21,335,067

* The "Funding Line" indicates the funds which are anticipated to be available for loans in FFY-2015 based on the funds authorized and provided by the 2014 Legislature; obtaining the remainder of the FFY-2013 Federal Capitalization Grant and the FFY-2014 Federal Capitalization Grant which are supplied by EPA; and repayments and interest on previous loans. The funding available in FFY-2015 should equal $37,363,325.

** Currently, the requirements of additional subsidization are unknown. Once the final federal appropriation with related requirements is made, additional modifications will be made to the priority system and ranking to integrate the federal requirements as necessary.

Funding Sources

PF – Principal Forgiveness – Method of Subsidization the state has elected to use.
CPF – Cumulative Principal Forgiveness
CGI – Cumulative Green Infrastructure

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.

FINAL

Fiscal Year - 2016 and After Planning List
Mississippi Drinking Water Systems Improvements Revolving Loan Fund Program

(Projects included on the Planning List did not meet the September 30, 2014 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 cannot be completed until the facilities plan has been submitted and reviewed.)

Category II: Previous Year Certified Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Mendenhall, City of	New 500 GPM Well/250,000 Gal Tank/Treatment	39114	531	2504	$138,750		$2,634,100	$2,634,100

Category III: Primary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	5277	10000	$0	$0	$470,000	$3,104,100
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	4232	10000	$0	$0	$586,000	$3,690,100
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	4232	10000	$0	$0	$586,000	$4,276,100
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	3533	10000	$0	$0	$702,000	$4,978,100
Okatoma Water Association	New Well/Elevated Tank/Treatment System	38911	891	3405	$0	$0	$1,545,000	$6,523,100
Bude, Town of	New Well/Water System Improvements	39630	400	1016	$500,000		$1,643,000	$8,166,100

Category IV: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Center Water Association, Inc.	Construct 200,000 Gal Elevated Tank/Rehab Well	39426	2157	5760	$0	$0	$850,500	$9,016,600

Category V: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Carthage, City of	Upgrade Booster Station's Controls	39051	103189	4637	$5,000		$20,000	$9,036,600
Carthage, City of	Upgrade and Replace Water Mains, Booster Station	39051	8255	4637	$67,500		$250,000	$9,286,600
Natchez, City of	New 500,000 Ga. Tank/Distribution Lines	39120	5979	18340	$418,950		$1,675,800	$10,962,400
Clayton Village Water Association,	New Generator/Upgrade Existing System	39759	4184	5000	$137,550		$393,000	$11,355,400
Forest, City of	Rehab Existing Storage Tank	39074	2535	5968	$283,750		$1,135,000	$12,490,400
Aberdeen, City of	400 GPM Well/100,000 Gal. Elev.Tank/Rehab	39730	2316	6415	$370,487		$1,481,949	$13,972,349
Forest, City of	New 900 GPM Well	39074	1799	5968	$400,000		$1,600,000	$15,572,349
---------- Funding Line $16,028,258 ----------								
Guntown, City of	Water Sys. Improvements/Valves/Lines/Meters	38849	1219	2912	$0	$0	$975,000	$16,547,349

Ridgeland, City of	New 1,600 GPM Well/500,000 Gallon Tank	39158	491	24000	$0		$3,434,404	$19,981,753
Ridgeland, City of	Two 1,600 GPM Ser. Pumps/Rehab Current	39158	348	24000	$0		$4,840,000	$24,821,753

Category VI: Source Water Protection Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Walnut, Town of	Installation of Water Lines/2 Master water Meters	38683	3064	1397	$0	$0	$256,000	$25,077,753

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

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Batesville, City of	Installation of Water lines	38606	31582	7600	$37,500		$125,000	$25,202,753
Batesville, City of	Installation of Water Lines	38606	26319	7600	$37,500		$150,000	$25,352,753
Ridgeland, City of	Enhance Distribution System/Install 12 in Lines	39157	15710	24000	$0	$0	$830,375	$26,183,128
Batesville, City of	Rehab/Replacement of Existing Facilities	38606	14356	7600	$68,750		$275,000	$26,458,128
Batesville, City of	Rehab Existing Facilities	38606	11279	7600	$87,500		$350,000	$26,808,128
Batesville, City of	Rehab Existing Facilities	38606	9629	7600	$102,500		$410,000	$27,218,128
Batesville, City of	500,000 Gallon Elevated Tank	38606	5264	7600	$187,500		$750,000	$27,968,128
Bay Springs, Town of	New 1,000 GPM Well	39422	2254	2000	$340,010		$617,000	$28,585,128
Helena Utility District	Enhance Water Distribution System	39562	149	700	$0	$0	$1,883,000	$30,468,128
Nicholson Water & Sewer Assn.	Installation of Approx. 10,400 L.F. of Water Main	39463	82	3500	$270,450	$0	$1,803,000	$32,271,128
Jackson County Utility Authority	Water Distribution System Improvements	39567	4	450	$0	$0	$6,250,000	$38,521,128

Category VIII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Batesville, City of	New 750 GPM Well	38606	7896	7600	$125,000		$500,000	$39,021,128
Batesville, City of	Rehab Existing Infrastructure	38606	7896	7600	$125,000		$500,000	$39,521,128
Ridgeland, City of	1,600 GPM Potable Water Well	39158	3663	24000	$0		$2,189,300	$41,710,428
Hilldale Water Association, Inc	300,000 Gal. Elevated Tank	39180	1520	5400	$0		$1,184,490	$42,894,918
Hazlehurst, City of	New Well & Raw Water Line	39083	1412	4400	$375,000	$0	$1,500,000	$44,394,918
Horn Lake, City of	New Well/Tank Upgrade Existing Facility	38637	485	1500	$0	$0	$2,474,600	$46,869,518
Marion, Town of	600 GPM Tr. Facil/600 GPM Well/Generator	39342	367	2000	$500,000		$2,748,800	$49,618,318

Category IX: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Carthage, City of	Backup Generator	39051	20638	4637	$25,000		$100,000	$49,718,318
Ridgeland, City of	Upgrade/Replace Existing Water Lines	39157	18530	24000	$0	$0	$704,000	$50,422,318
Carthage, City of	Install Generator/Upgrade Existing Facilities	39051	12140	4637	$42,500		$170,000	$50,592,318

Ridgeland, City of	Water Line Relocation	39158	10108	24000	$0		$793,400	$51,385,718
Collins, Town of	Water Line Replacement	39428	9961	4000	$48,664		$139,040	$51,524,758
Collins, Town of	Water Line Replacement	39428	8766	4000	$55,300		$158,000	$51,682,758
Collins, Town of	Water Line Replacement	39428	8766	4000	$55,300		$158,000	$51,840,758
West Point, City of	Upgrade SCADA/Chlorine Analyzer/Paint 5	39773	7049	16500	$217,500		$870,000	$52,710,758
Grenada, City of	2 500 GPM Wells/500,000 Gallon Elevated Tank	38901	4391	22951	$500,000		$2,202,700	$54,913,458
Mount Olive, Town of	Replacement of Water Lines	39119	2348	1000	$80,962		$231,320	$55,144,778
Alcorn Co. Water Association	300,000 Gal Storage Tank/upgrade Facilities	38834	1187	6500	$190,965		$1,273,101	$56,417,879
Alcorn Co. Water Association	Renovate Elevated tanks/Replace Water Lines	38834	1155	6500	$130,938		$872,920	$57,290,799
Edwards, Town of	Construction of Ozone Treatment Facility	39066	449	1980	$235,500		$1,570,000	$58,860,799

Category XIII: Other

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
NTS Utility Assoc.	Radio Read Meters	39307	4390	5700	$0		$432,845	$59,293,644

* The "Funding Line" indicates the funds which are anticipated to be available for loans in FFY-2015 based on the funds authorized and provided by the 2014 Legislature; obtaining the remainder of the FFY-2013 Federal Capitalization Grant and the FFY-2014 Federal Capitalization Grant which are supplied by EPA; and repayments and interest on previous loans. The funding available in FFY-2015 should equal $37,363,325.

**Currently, the requirements of additional subsidization are unknown. Once it has been determined by the final federal appropriation, additional modifications will be made to the priority system and ranking to integrate the federal requirements as necessary.

Funding Sources

PF – Principal Forgiveness – Method of Subsidization the state has elected to use.

DW – Drinking Water System Improvement Revolving Loan Fund – includes repayments, interest and FFY-2014 Capitalization Grant.

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.

VIII. Expected Public Health Outcomes & Performance Measures

The objective of this program is to disperse all available loan and grant funds in a timely manner in order to achieve the public health protection benefits resulting from the projects identified in the FFY-2015 IUP, and to ensure compliance with loan agreements, as required by state and federal laws and regulations.

By implementing the FFY-2015 IUP and funding projects shown on the FFY-2015 Priority List (Section VII), 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 FFY-2015. If the full Cap grant occurs, the public health protection outcomes resulting from the funding of the projects on the priority list will be: 1) two systems will continual projects to upgrade or rehabilitate existing facilities; 2) three systems will become compliant with primary drinking water standards; 3) one system will receive an additional water source; 4) one system will make improvements to improve pressures; 5) five water systems will construct distribution to serve previously un-served areas; 6) two systems will construct back-up water supplies; and 7) one system will replace aging water meters with modern radio read meters.

The success of the DWSIRLF Program will be defined by the ability of the MSDH to successfully meet commitments in the FFY-2015 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. Where necessary, 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.

(Blank)

Appendices

Appendix A - Part 1A
FFY-2015 Anticipated Available Funds for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program
October 1, 2014

FFY-2015 National Title I DWSRF Appropriation (Estimate) (Using FFY-2014 Amount)		$906,896,000
* Mississippi's Allotment [section 1452(m)] **(Estimate) (Using FFY-2014 Amount)**		$9,159,000
FFY-2015 State Match Required (20% of Mississippi's Allotment) **(Estimated) (Using FFY-2014 Amount)**	+	$1,831,800
Total FFY-2015 Federal Allotment and Required State Match (Estimate):		$10,990,800

FFY-2015 Actual Funding (Federal and State)

**2014 Legislated State Match (Direct Appropriation from Legislature)	+	$1,000,000
**2014 Legislated State Match (Legislature authorized use of $2M in existing MSDH Fund – 02MS)	+	$2,000,000
**2014 Emergency Fund transfer (Remaining amount needed as State Match for remainder of the FFY-2013 Cap Grant & all of the FFY-2014 Cap Grant funds)	+	$180,000
Remaining Portion of FFY-2013 Cap Grant Balance Captured by 2014 Legislation (State Match $1,345,491) (FFY-2013 Cap Grant Completely Matched)	+	$6,727,455
FFY-2014 Cap Grant Funds (State Match = $1,831,800) (FFY-2014 Cap Grant completely matched by the 2014 Legislation & Emergency Fund Transfer) ($2,709 will remain from the Emergency Fund to be used for future matches)	+	$9,159,000
Total Federal and State Funds to be Available in FFY-2015:		**$19,066,455**

FFY-2014 Cap Grant Set-Asides

DWSRF Administrative Expenses [section 1452(g)(2) - 4%] (Used reserved amount from 2004)	+	$332,124
Small Systems Technical Assistance [section 1452(g)(2) - 2%]	+	$183,180
Local Assistance and Other State Program [section 1452(g)(2) - 15%] (taking ~5.2%)	+	$500,000
State Program Management [section 1452(g)(2) -10%]	+	$915,900
Total FFY-2013 Cap Grant Set-Asides:		$1,931,204

Note: No FFY-2015 Cap Grant Funds or Set-asides are shown in this report in order to make this projection more realistic. State Match funds for Cap Grant funds normally will not be available until QTR1 of FFY-2016; therefore, the first portion of the FFY-2015 Cap Grant funds will not usually be received until QTR1 of FFY-2016.

Total Federal and State Funds available in FFY-2015		**$19,066,455**
Less FFY-2014 Set-asides	-	($1,931,204)
Total Federal & State Funds available for Loan Obligation in FFY-2015		**$17,135,251**

FFY-2015 DWSRF Funds Projections

Total Federal & State Funds available for Loan Obligation in FFY-2015		+	**$17,135,251**
Unobligated Funds Carried Over from FFY-2014		+	$9,574,696
Anticipated Loan Repayments To Be Deposited	10/1/14 - 9/30/15	+	$11,246,675
Anticipated Interest on Fund To Be Deposited	10/1/14 – 9/30/15	+	$406,307
Anticipated FFY-2015 Loan Decreases	10/1/14 - 9/30/15	+	$0
Anticipated FFY-2015 Loan Increases	10/1/14 - 9/30/15	-	($0)
FFY-2015 Loan Increase Reserve ($1.0m)		-	($1,000,000)
Total Funds Available for Loan Awards in FFY-2015 (Anticipated)			**$37,363,325**
Funds needed for Projects on the FFY-2015 Priority List & FFY-2016 After Planning List			**($80,628,711)**
Additional Funds needed to fund all Anticipated Projects in FFY-2015			**$43,265,386**

Appendix A - Part 1A (Cont.)
FFY-2015 Anticipated Available Funds for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program

October 1, 2014

* Mississippi will apply for the entire FFY-2015 Cap Grant if State match funds are provided by the Legislature. **Cap Grant funds must be matched within 24 months of award.**

** The 2012 Regular Legislative Session did not provide any matching funds for the FFY-2012 Cap Grant ($9,341,000).
During the 2013 Regular Legislative Session, the Legislature authorized $1,000,000 in general obligation bonds. Bonds were sold and the proceeds were deposited into the DWSRF Fund during the 1st Quarter of FFY-2014 (December 2013). No discount & issuance costs were charged against the bond amount.

- $380,448 was used to match the Set-asides ($1,902,240) of the FFY-2013 Cap Grant ($8,764,000).
- $619,552 (the remainder of the $1M bond) was used to match $3,097,760 of the FFY-2012 Cap Grant, leaving a balance of $2,965,695 of the FFY-2012 Cap Grant to be matched.

In FY-2013, approval was received to use $620,000 from the Drinking Water Emergency Loan fund; the proceeds above the initial $5 M deposited by the State into the fund may be used for similar purposes.

- $593,139 was used to match the remainder ($2,965,695) of the FFY-2012 Cap Grant. • $26,861 was used to matched $134,305 of the remaining FFY-2013 Cap Grant; leaving a balance of $6,727,455 to be matched.

During the 2014 Regular Legislative Session, the Legislature authorized $1,000,000 in direct funding and the use of $2,000,000 in an existing MSDH account (02MS) for the DWSRF program. Additionally, $180,000 will be used from the Emergency Fund. These funds matched all outstanding grant funds; the FFY-2014 Cap Grant ($9,159,000) and the remainder of the FFY-2013 Cap Grant ($6,727,455). The $3,180,000 will be used as follows:

- $1,345,491 will match the remainder ($6,727,455) of the FFY-2013 Cap Grant.
- $1,831,800 will match the FFY-2014 Cap Grant ($9,159,000),
- $2,709 will remain to be use for future matches.

Appendix A - Part 2A
FFY-2014 End-of Year Funds Report
Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program
October 1, 2014

FFY-2014 National Title I DWSRF Appropriation (Actual)		**$906,896,000**
* Mississippi's Allotment [section 1452(m)] (Actual FFY-2014) (Actual)		**$9,159,000**
FFY-2014 State Match Required (20% of Mississippi's Allotment) (Actual)	+	$1,831,800
Total FFY-2014 Federal Allotment and Required State Match (Actual):		$10,990,800

FFY-2014 Actual Funding (Federal and State)		
**2013 Legislated State Match from Bonds (Received Dec 2013)	+	$1,000,000
Portion of FFY-2012 Cap Grant Captured by 2013 Legislation (State Match $619,552)	+	$3,097,760
FFY-2013 Cap Grant Set-asides Matched by the 2013 Bond Legislation (Set-aside State Match = $380,448)	+	$1,902,240
2013 Emergency Fund Transfer	+	$620,000
Portion of FFY-2012 Cap Grant Captured by Emergency Funds (Match $593,139) (FFY-2012 Cap Grant completely matched)	+	$2,965,695
FFY-2013 Cap Grant Funds Captured by Balance of Emergency Funds Used as State Match (Match $26,861)	+	$134,305
Total Federal and State Funds available in FFY-2014:		$9,720,000

FFY-2013 Federal Funds remaining to be captured and required State Match		
FFY-2013 Cap Grant Balance to be captured by 2014 Legislation (Direct Authorization, Existing MSDH Account and Emergency Fund transfer)		$6,727,455
2014 Legislated Match Funds for the Remaining FFY-2013 Cap Grant Funds ($6,727,455)		$1,345,491
Total State Match needed for remaining FFY-2013 Federal Funds & FFY-2014 Cap Grant:		**$3,177,291**

FFY-2013 Cap Grant Set-Asides		
DWSRF Administrative Expenses [section 1452(g)(2) - 4%]	+	$350,560
Small Systems Technical Assistance [section 1452(g)(2) - 2%]	+	$175,280
Local Assistance and Other State Program [section 1452(g)(2) - 15%] (taking ~5.2%)	+	$500,000
State Program Management [section 1452(g)(2) -10%]	+	$876,400
Total FFY-2013 Cap Grant Set-Asides:		**$1,902,240**

Total Federal & State Funds Available in FFY-2014		**$9,720,000**
Less FFY-2013 Set-asides	-	$1,902,240
Total FFY-2014 Federal and State Funds to be Available for Loan Obligation		**$7,817,760**

FFY-2014 DWSRF Funds & Repayments			
Unobligated Funds Carried Over from FFY-2013		+	$9,530,568
Federal & State Funds available in FFY-2014		+	$7,817,760
Loan Repayments Deposited to the Fund (Actual)	10/1/13 - 9//30/14	+	$12,269,097
Interest Deposited to the Fund (Actual)	10/1/13 - 9/30/14	+	$443,681
FFY-2014 Loan Decreases (Actual)	10/1/13 - 9/30/14	+	$1,711,306
FFY-2014 Loan Increases (Actual)	10/1/13 - 8/30/14	-	($60,802)
FFY-2014 Loan Increase Reserve ($1.0m)		-	($1,000,000)
2014 Projects Available for Loan Awards			**$30,711,610**
Loan Awards made during FFY-2014 (16 Initial Loans for $21,136,914)			**($21,136,914)**
FFY-2014 Carryover Funds to FFY-2015			**$9,574,696**

Appendix A - Part 1B (Cont.)
FFY-2014 End-of Year Funds Report for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program
October 1, 2014

* Mississippi applied for the entire FFY-2014 Cap Grant (Cap Grant Funds must be matched within 24 months of award).

** The 2012 Regular Legislative Session did not provide any matching funds for the FFY-2012 Cap Grant ($9,341,000). During the 2013 Regular Legislative Session, the Legislature authorized $1,000,000 in general obligation bonds. Bonds were sold and the proceeds were deposited into the DWSRF Fund during the 1st Quarter of FFY-2014 (December 2013). No discount & issuance costs were charged against the bond amount.

- $380,448 was used to match the Set-asides ($1,902,240) of the FFY-2013 Cap Grant ($8,764,000).
- $619,552 (the remainder of the $1M bond) was used to match $3,097,760 of the FFY-2012 Cap Grant, leaving a balance of $2,965,695 of the FFY-2012 Cap Grant to be matched.

In FY-2013, approval was received to use $620,000 from the Drinking Water Emergency Loan fund; the proceeds above the initial $5 M deposited by the State into the fund may be used for similar purposes.

- $593,139 was used to match the remainder ($2,965,695) of the FFY-2012 Cap Grant.
- $26,861 was used to matched $134,305 of the remaining FFY-2013 Cap Grant; leaving a balance of $6,727,455 to be matched.

During the 2014 Regular Legislative Session, the Legislature authorized $1,000,000 in direct funding and the use of $2,000,000 in an existing MSDH account for the DWSRF program. Additionally, $180,000 will be used from the Emergency Fund. These funds will match all outstanding grant funds; the FFY-2014 Cap Grant ($9,159,000) and the remainder of the FFY-2013 Cap Grant ($6,727,455). The $3,180,000 will be used as follows:

- $1,345,491 will match the remainder ($6,727,455) of the FFY-2013 Cap Grant.
- $1,831,800 will match the FFY-2014 Cap Grant ($9,159,000),
- $2,709 will remain to be use for future matches.

Appendix B
Part I
Projected Schedule of Outlays
for
Standard Capitalization Grant Set-Asides

FFY-2014 Set-aides

Federal	1Q FFY-15	2Q FFY-15	3Q FFY-15	4Q FFY-15	Total
Administrative	$83,031	$83,031	$83,031	$83,031	$332,124
Small Sys. Tech Assist.	$45,795	$45,795	$45,795	$45,795	$183,180
State Program Mgmt	$228,975	$228,975	$228,975	$228,975	$915,900
Local Asst. & Other St. Programs	$125,000	$125,000	$125,000	$125,000	$500,000
Total Set-asides	$482,801	$482,801	$482,801	$482,801	$1,931,204

FFY-2015 Set-asides

Federal	1Q FFY-16	2Q FFY-16	3Q FFY-16	4Q FFY-16	Total
Administrative	$80,041	$80,041	$80,041	$80,041	$320,164
Small Sys. Tech Assist.	$45,795	$45,795	$45,795	$45,795	$183,180
State Program Mgmt	$228,975	$228,975	$228,975	$228,975	$915,900
Local Asst. & Other St. Programs	$125,000	$125,000	$125,000	$125,000	$500,000
Total Set-asides	$479,811	$479,811	$479,811	$479,811	$1,919,214

FFY-2015 Set-asides will not be available for use until FFY-2016; in FFY-2015 the program will operate using the FFY 2014 Set-asides.

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

Payment (LOC) Number	Payment (LOC) Date	Payment (LOC) Amount	Cumulative (LOC) Amount
FFY-2015			
FFY-2014 Cap Grant No. 1 of 1	1st Quarter FFY-2015	$1,931,204	$1,931,204
FFY-2014 Cap Grant No. 2 of 4	2nd Quarter FFY-2015	$1,806,949	$3,738,153
FFY-2014 Cap Grant No. 3 of 4	3rd Quarter FFY-2015	$3,613,898	$7,352,051
FFY-2014 Cap Grant No. 4 of 4	4th Quarter FFY-2015	$1,806,949	$9,159,000
FFY-2016			
FFY-2015 Cap Grant No. 1 of 1	1st Quarter FFY-2016	$1,931,204	$1,931,204
FFY-2015 Cap Grant No. 2 of 4	2nd Quarter FFY-2016	$1,806,949	$3,738,153
FFY-2015 Cap Grant No. 3 of 4	3rd Quarter FFY-2016	$3,613,898	$7,352,051
FFY-2015 Cap Grant No. 4 of 4	4th Quarter FFY-2016	$1,806,949	$9,159,000

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

	Outlay Quarter	Federal Outlay Amount	Cumulative Outlay Amount
FFY-2015			
	1st Quarter FFY-2015	$1,931,204	$1,931,204
	2nd Quarter FFY-2015	$1,806,949	$3,738,153
	3rd Quarter FFY-2015	$3,613,898	$7,352,051
	4th Quarter FFY-2015	$9,159,000	$9,159,000
FFY-2016			
	1st Quarter FFY-2016	$1,931,204	$1,931,204
	2nd Quarter FFY-2016	$1,806,949	$3,738,153
	3rd Quarter FFY-2016	$3,613,898	$7,352,051
	4th Quarter FFY-2016	$1,806,949	$9,159,000

Appendix E
Mississippi Small Systems Technical Assistance Set-Aside Work plan

INTRODUCTION

The Mississippi State Department of Health (MSDH), Bureau of Public Water Supply (Department), proposes to use the Small Systems Technical Assistance Set-Aside of the DWSRF 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 SDWA.

SELECTION PROCESS

A request for proposals (RFP) for the technical assistance contracts was published in the legal section of *The Clarion-Ledger* and proposals were received on May 10, 2013, from potential contractors. All proposals were evaluated by the Department and recommendations for award were presented to the Board (at a regularly scheduled Board meeting); all contracts were awarded.

All contracts cover a two-year period with an optional third year to be exercised at the Board's discretion on July 1, 2015. The contracts for technical assistance currently are as follows:

- Small Systems Technical Assistance (long-term and intermediate technical assistance) - Community Resources Group;
- Board Management Training Monitoring and Coordination for Water System Officials - Mississippi State University Extension Service;
- Hands-On Operator Training - Mississippi Rural Water Association, Inc.;
- PEER Review Program for Public Water Supplies - Mississippi Rural Water Association, Inc.

PROGRAM ACTIVITIES

The technical assistance program consists of four major categories 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.

Small Systems Technical Assistance:

Comprehensive and Intermediate technical assistance shall be provided to an equivalent of sixteen (16) small public water systems annually.

1. - Long-term technical assistance:

Comprehensive assistance must be provided to a minimum of eight (8) small public water systems annually. The contractor will provide comprehensive assistance to at

least eight (8) public water systems per contract year. At the beginning of each contract year, the MSDH – Bureau of Public Water Supply will provide the contractor a list of systems that are to receive this assistance. Within 30 days of the start date for that contract year, the contractor will identify, with the help of MSDH, eight (8) systems that will receive comprehensive technical assistance, complete an initial assessment of the needs of each of the eight (8) systems, and develop a work plan for each water system. The contractor shall submit an assessment and work plan for each system to MSDH for approval prior to initiating 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. Eight (8) 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 sixteen (16) 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.

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 MSDH. 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 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.

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 sixteen (16) 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.

Peer Review Assistance:

Through the use of trained volunteers, this assistance will be conducted on-site with the systems either selected from a list provided to the contractor by MSDH or with prior MSDH approval. A cooperative agreement between the contractor and the Mississippi Water and Pollution Control Operators' Association will help provide qualified volunteers to serve as peer review team members. There will be a goal of sixteen (16) peer reviews per contract year with a minimum of three (3) peer reviews per quarter. Each volunteer shall be paid $75 per day for each actual peer review in which the volunteer participates. The contractor will maintain a directory of trained volunteers.

Activity Objectives - provide short-term (less 8 contact hours) on-site technical assistance to selected systems covering the subject(s) determined by the contractor to be most needed.

Reporting/Evaluation - copies of all completed peer review reports will be provided to both MSDH and the Board within 30 days of completion of each peer review. Written progress reports using a format approved by MSDH will be furnished monthly to MSDH and members of the Board by the contractor. The name of the system undergoing the peer review shall be removed and be identified by a code only known to the contractor. The report shall include: an assessment of which type of capacity was the worst at the time of the visit; a listing of all suggested remedial action; officials present shall be listed by title; an evaluation form (previously approved by MSDH) rating the assistance provided that was completed by the system; any conditions currently or potentially endangering public health; and any 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.

AGENCY RESPONSIBILITIES

The MSDH 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.

Appendix F
Mississippi State Program Management Set-aside Annual Work plan
Section 1452(g)(2) - Safe Drinking Water Act Amendments of 1996

PUBLIC WATER SYSTEM MANAGEMENT PROGRAM BACKGROUND

This work plan describes how the Drinking Water State Revolving Fund (DWSRF) State Program Management set-aside funds will be expended to support the Public Water Systems Supervision (PWSS) Program.

After review of the Draft FFY-2015 Intended Use Plan (IUP) by the Local Governments & Rural Water Systems Improvements Board (Board), the Board will authorize the publication of a legal notice in *The Clarion-Ledger* for the IUP. The notice will request the public to provide comments on the Draft FFY-2015 Intended Use Plan (IUP). The IUP reserves 10% of the state's Drinking Water State Revolving Fund (DWSRF) capitalization grant for the State Program Management activities to support the MSDH PWSS Program as allowed under Section 1452(g)(2) of the SDWA Amendments of 1996. After a 30-Day public comment period, an oral proceeding will be held to receive and consider comments from the public on the Draft IUP. After the resolution of any comments from the public, the Final FFY-2015 IUP will be presented to the Board for adoption at their next scheduled Board meeting. The Final FFY-2015 IUP will be effective thirty days from the date of the Board's adoption.

FUNDING AMOUNT (Standard Capitalization Grant)

The state reserves 10% ($915,900) of the FFY-2015 DWSRF capitalization grant as a set-aside for State Program Management activities of the PWSS Program. The reserved amount will offset the expenses of 8.33 positions of the PWSS Program.

Cost Breakdown	
Administrative/Staffing	$547,285
Fringe Benefits	$186,077
Travel	$20,000
Contractual	$40,800
Indirect Costs	$121,738
Total Funding Amount	$915,900

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

The state projects forty-four (44) FTEs will be required to implement the FFY-2015/2016 PWSS Program. A total of 8.33 FTEs will be funded by this set-aside. An estimated $733,362 will be reserved from the FFY-2015 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)
EE III	1.0
EE IV	2.0
EIT	2.0
Eng. Admin. Super I	1.0
Environmental Admin. II	1.0
SPO IV	1.0
Division Director I	0.33
Total FTEs	8.33

The remaining $182,538 will be used for indirect costs, supplies, and possible contractual services for technical assistance needed to accomplish the requirements of the FFY-2015/2016 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 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 PWSS 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 10,000 in the state monitoring plan of their responsibilities to monitor for Unregulated Contaminant Monitoring Rule; assisting the EPA in sampling systems in the state monitoring plan as determined by the state and EPA in the UCMR Partnership Agreement; adding vulnerable systems to the plan for monitoring UCMR List 3 contaminants based on guidance; review UCMR data from public water systems to ensure that it meets quality assurance and PWS reporting requirements necessary; informing EPA of potential changes needed in the data and, with mutual agreement of the state and EPA, make changes to the data; and responding as requested by the EPA for information on verification of state UCMR implementation.

Operator Certification

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

Source Water Assessment Program

On an annual basis, MSDH reports to EPA on Source Water Assessment Program implementation activities. In FFY-1997, 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 the Safe Drinking Water Inspection System (SDWIS) /Fed Reporting

These ongoing activities include: overseeing and enforcing requirements of data management and the Safe Drinking Water Inspection System (SDWIS) /Fed reporting;

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

Inspection Strategy

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

Management System for Non-compliant Systems

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

Rule Task Force

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

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

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

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

SCHEDULE FOR COMPLETING ACTIVITIES

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

AGENCY RESPONSIBILITIES

The MSDH is the agency responsible for implementing required activities under the State Program Management set-aside.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of State Program Activities will be defined by the ability of the MSDH to successfully meet commitments in the 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.

Appendix G
Local Assistance and Other State Programs Annual Work plan
Section 1452(g)(2) - Safe Drinking Water Act Amendments of 1996

INTRODUCTION

The Mississippi State Department of Health (MSDH), Bureau of Public Water Supply (Department), will use the Local Assistance and Other State Programs Set-aside of the DWSRF in a wellhead protection and assistance program. The program will be eliminating inactive wells and/or open holes which pose a contamination risk to the state's groundwater aquifers, by properly abandoning them in accordance with state guidelines. Local governments realize that the inactive wells/open holes pose a risk of contamination to the groundwater which may be utilize via their active wells; however, funds to properly abandon wells/holes are limited. The financial assistance provided through this set-aside will allow the state, by way of contractual agreement(s), to identify and then properly abandon inactive wells/open holes posing contamination risks to the state's groundwater aquifers.

SELECTION PROCESS

A request for proposals (RFP) for two proposed contracts for coordination and decommissioning/properly closing inactive water wells/open holes was published in the legal section of *The Clarion-Ledger;* proposals were received on May 10, 2013. All proposals were evaluated by the Department and recommendations for aware were presented to the Board at their next regularly scheduled Board meeting which followed the evaluation; both contracts were awarded.

The first contract (the coordination contract) was awarded to the Mississippi Rural Water Association (MsRWA). The second contract (closure contract) was awarded to Mid-South Water & Machine Works (MSW&MW), who is a licensed well driller. The contracts cover a two-year period with an optional third year if exercised at the Board's discretion on July 1, 2015.

PROGRAM ACTIVITIES

The activities described herein will be accomplished through a four part process: Identification of wells / holes needing proper abandonment for the protection of aquifers and the overall public health; communication with public water supply that owns well/hole to encourage proper abandonment; mobilization of well contractor to identified site to perform the work; and confirmation that the work has been completed.

Identification –MsRWA will use a list provided by the Department through a cooperative effort with the Mississippi Department of Environmental Quality Office of Groundwater Resources (MDEQ) to identify wells or open holes owned by particular water systems to be abandoned. Wells/holes deemed high risk by MDEQ will be sought out first for abandonment. Upon completion, wells/holes that are considered medium risk will be addressed next, then low risk.

Communication – Staff from the MsRWA will meet with system officials to encourage them to properly abandon existing inactive wells or open holes posing risk of contamination to their water system and aquifer. This is considered essential to successfully achieving the goal of abandoning those wells/holes posing risk.

Mobilization – Once the communication phase has been completed, staff of the MSW&MW, the licensed well driller contractor, will mobilize to the selected site and commence with the proper abandonment of the well/hole. This will be accomplished in accordance with established guidelines set forth by the MDEQ Office of Groundwater. When the abandonment is complete, the well contractor will contact the MsRWA staff to inform them of project completion.

Confirmation – Staff of the MsRWA will perform site visits to confirm proper abandonment of the wells/holes. When the abandonment is confirmed, MsRWA will notify the Department to ensure that each abandoned well matches invoices submitted for payment.

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing Local Assistance and Other Program activities under this work plan will be the schedule established by set contractual dates. This phase of well abandonment will be completed by June 30, 2015.

AGENCY RESPONSIBILITIES

The MSDH will be monitoring contractors throughout the process to ensure effective completion of contractual assignments.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of this set-aside will be defined by the ability of the MSDH through the solicited contractor(s) to remove by proper abandonment wells or open holes that potentially pose a risk to existing water supplies and the aquifers which supply the well water.

Appendix H
Mississippi State Program Management Set-Aside Match Requirements - Mississippi 1:1 Requirement

	FFY 1993	FFY-2015
PWSS Grant	$769,600	$915,900
State Required Match for PWSS Grant	$256,533	$915,900
Actual State PWSS Contribution	$256,533	$3,264,627
State PWSS Overmatch	$0	$2,348,727
State PWSS Expenditures Eligible for 1:1 SPM Match	$128,266	$3,264,627
State PWSS Expenditures Claimed for 1:1 SPM Match	$128,266	$915,900

Mississippi requests $915,900 of its FFY-2015 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, $915,900 in additional state funds will be required. The state will provide an estimated $2,348,727 above the state's PWSS match requirement in FFY-2015. This contribution is provided through the collection of Water Quality Analysis Fees by the MSDH Bureau of Public Water Supply. In accordance with Section 1452(g)(2) of the SDWA of 1996, the state claims $915,900 from its FFY-2015 PWSS overmatch as credit to satisfy the $915,900 additional state match required to set-aside $915,900 of its FFY-2015 Capitalization Grant for SPM activities.

Appendix I
Coordination Schedules for Jointly Funded Projects

FFY-2015 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) Loan/ Grant 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, 2014	Mississippi Appalachian Regional Office (MARO) notifies potential applicants & local Planning & Development Districts of the September 1, 2014, deadline for submitting complete ARC grants applications.	(N/A)	(N/A)
Sept 1, 2014	All FY-15 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, 2014**	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, 2014	MS State Dept of Health (MSDH) notifies MARO of loan applicants who have submitted complete facilities plans which indicate anticipated FY-2015 ARC funding. MARO notifies MSDH of ARC grant applicants who submitted pre-applications which indicate anticipated FY-15 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-2015 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-2015 RUS funding
Nov 15, 2014	MARO completes review of FY-2015 projects and briefs Governor on proposed Priority 1 and Priority 2 project lists, as well as projects not eligible to be funded.	(N/A)	(N/A)

	ARC	CDBG	RUS
Nov 15-30, 2014	MARO notifies local Planning & Development Districts of projects that have been selected for the P1 (fundable priority list). MARO will copy MSDH on these notification letters if grantee has indicated that it is pursuing DWSIRLF loan funds for the project. MSDH will not award a DWSIRLF loan until this notification from MARO is provided.	(N/A)	(N/A)
Oct 18, 2014	(N/A)	CDBG program application workshops.***	(N/A)
Nov, 2014	MSDH advertises Draft DWSIRLF FFY-2014 Intended Use Plan for public comment.	MSDH advertises Draft DWSIRLF FFY-2014 Intended Use Plan for public comment.	MSDH advertises Draft DWSIRLF FFY-2014 Intended Use Plan for public comment.
Dec 30, 2014	Deadline for all FY-2014 Priority 1 documentation and forms to be submitted to MARO.	(N/A)	(N/A)
Dec, 2014	Board adopts FFY-2014 DWSIRLF Intended Use Plan accounting for anticipated ARC award amounts if identified in facilities plan.	Board adopts FFY-2015 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 12/7/2014 until 8/2015	Board adopts FFY-2015 DWSIRLF Intended Use Plan, accounting for anticipated RUS award amounts if identified in facilities plan.
Jan 20, 2015	(N/A)	Deadline for a CDBG grant applicant to submit a water viability review form to MDA.	(N/A)
Jan, 2015	MSDH notifies MARO of projects included on final FFY-2014 Priority List that anticipate receiving FFY-2014 ARC funds.	MSDH notifies MDA of projects included on the Final FFY-2015 Priority List that anticipate receiving FFY-2015 CDBG funds.	MSDH notifies RUS of projects included on the final FFY-2015 Priority List that anticipate receiving FFY-2015 RUS funds.

	ARC	CDBG	RUS
Feb 1, 2015	MARO sends project applications to ARC-Washington to start final funding approval process.	(N/A)	(N/A)
Feb 16, 2015	(N/A)	CDBG public facilities applications, along with one copy of the DWSIRLF loan application with maps and appropriate attachments, will be accepted from 2/16/2015 until 4:00 p.m. on 2/17/2015.	(N/A)
Feb- Jun, 2015	ARC-Washington starts the final funding approval process and awards ARC grants during the spring or summer of 2015.	(N/A)	(N/A)
Mar, 2015	(N/A)	MDA provides notification to MSDH that complete CDBG applications have been received.	(N/A)
May 1, 2015**	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)

	ARC	CDBG	RUS
May, 2015	(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, 2015	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 provides notification that RUS awards have been made
Aug 1, 2015**	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, 2015	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.

** **FFY-2015 DWSIRLF Priority System Deadline**

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

Appendix J
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 the federal cross-cutter requirements required in the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program, thereby saving valuable time and expense. This Program eliminates the need to address emergency loans in the DWSIRLF. 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 <u>may not</u> be incurred prior to the budget period established in the loan agreement, which <u>may not</u> 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.

Appendix K - 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.

   An oral proceeding will be held 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. Anyone desiring to receive a copy of the public hearing transcript should contact Ulysses Conley, Program Support Specialist, 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 Drinking Water Systems Improvements Revolving Loan Fund (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 FFY-2016 and After Planning List for the purpose of funding such a project during FFY-2015 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 Capacity Development (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.

FINAL ~~DRAFT~~
STATE OF MISSISSIPPI
LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD
Title 33: Public Health - Local Governments & Rural Water Systems Improvements Board
Part 4: Drinking Water Systems Improvements Revolving Loan Fund Program Regulations

STATE OF MISSISSIPPI
DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM

FINAL ~~DRAFT~~
FFY-2015 INTENDED USE PLAN

Presented to the Board for Review and Comment
on January 23, 2015 ~~December 5, 2014~~

MISSISSIPPI STATE DEPARTMENT OF HEALTH

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS

IMPROVEMENTS BOARD

P. O. BOX 1700 SUITE U-232

JACKSON, MISSISSIPPI 39215-1700

(Blank)

FINAL ~~DRAFT~~

STATE OF MISSISSIPPI

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD

Title 33: Public Health - Local Governments & Rural Water Systems Improvements Board

Part 4: Drinking Water Systems Improvements Revolving Loan Fund Program Regulations

DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND

FFY-2015 INTENDED USE PLAN

TABLE OF CONTENTS

I. INTRODUCTION 5

- **A. State of Mississippi's Drinking Water State Revolving Fund**
- **B. Program Overview**
- **C. Public Input, Review, and Comment Procedures**

II. GOALS OF MISSISSIPPI'S DRINKING WATER SYSEMS IMPROVEMENTS REVOLVING LOAN FUND (DWSIRLF) PROGRAM 6

- **A. Basic Goals**
- **B. Long-Term DWSIRLF Goals**
- **C. Short-Term DWSIRLF Goals**

III. STRUCTURE OF MISSISSIPPI DWSIRLF 9

- **A. DWSIRLF Loan/Operations Fund**
  1. *Types of Eligible Projects:*
  2. *Set-aside Accounts:*
- **B. DWSIRLF State Match Funds**
- **C. Drinking Water Systems Emergency Loan Fund (DWSELF)**

IV. FINANCIAL STATUS OF THE DWSIRLF 10

- **A. Source and Use of Fund**
  1. Federal Allotment
  2. *State Match Requirements*
  3. *Loan Increase Reserve*
- **B. Financial Planning Process**
  1. Efficient Bond Management
  2. *Interest Rate Determination*
  3. *Investment*
- **C. Financial Terms of Loans**
  1. Funding Limit
  2. *Interest Rate*
  3. *Administration Fee*
  4. *FFY-2015 Appropriation Special Provisions*
  5. *Other Related Issues*

V. SET-ASIDE ACTIVITIES **16**
- **A. Administration**
- **B. Small System Technical Assistance**
- **C. State Program Management**
- **D. Local Assistance and Other State Programs**

VI. PRIORITY SYSTEM **18**
- **A. Funding and Ranking Rationale**
  1. Funding Lists and Bypass Procedure
  2. *FFY-2015 Green Infrastructure Requirement*
  3. *Loan Decreases*
  4. *Match for Special Appropriations Project (SPAP) Grants*
  5. *Subsidization from FFY-2015 Federal Appropriation*
- **B. Priority System Categories**
- **C. Priority Ranking Criteria**
- **D. Priority System Deadlines**

VII. FFY-2015 PRIORITY LIST **29**
VIII. EXPECTED PUBLIC HEALTH OUTCOMES & PERFORMANCE MEASURES **34**

APPENDICES **36**
- **A. FFY-2015 Anticipated Available Funds for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSRF) Program** **37**
- **FFY-2014 End of Year Funds Report-Mississippi DWSIRLF Program -- October 1, 2014** **39**
- **B. PROJECTED SCHEDULE OF OUTLAYS** **41**
- **C. PROJECTED PAYMENT (FEDERAL LETTER OF CREDIT) SCHEDULE** **42**
- **D. PROJECTED SCHEDULE OF DRAWDOWNS AGAINST FEDERAL LETTER OF CREDIT** **43**
- **E. MISSISSIPPI SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE WORK PLAN** **44**
- **F. MISSISSIPPI STATE PROGRAM MANAGEMENT SET-ASIDE ANNUAL WORK PLAN** **48**
- **G. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS ANNUAL WORK PLAN** **53**
- **H. MISSISSIPPI STATE PROGRAM SET-ASIDE MATCH REQUIREMENTS – MISSISSIPPI 1:1 REQUIREMENT FOR FFY-2015 STATE PROGRAM MANGEMENT SET-ASIDE** **55**
- **I. COORDINATION SCHEDULES FOR JOINTLY FUNDED PROJECTS** **56**
- **J. DRINKING WATER SYSTEMS EMERGENCY LOAN FUND PROGRAM** **61**
- **K. CERTIFICATIONS** **62**

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 (Cap) 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 Cap grants, the SDWA requires that each state annually prepare an Intended Use Plan (IUP) 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 Cap grants. Each state's allotment of those grants is based on EPA's Needs Survey that is performed every four years. State matching funds totaling 20% of the federal grant amount to that state are required to be deposited into the Fund and have historically been provided through the issuance of bonds. The purpose of this IUP is to convey the State of Mississippi's (State) DWSRF plan for Federal Fiscal Year (FFY) 2015 to EPA, other state agencies, the state's public water supplies, and the general public.

B. Program Overview

The basic framework under which the DWSIRLF Program operates is established by two documents. The first document is the Drinking Water State Revolving Fund Loan Program Operating Agreement (Operating Agreement) between the Mississippi State Department of Health and the Environmental Protection Agency, Region IV. The current 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 the IUP which describes how the State of Mississippi will use the funding received from the EPA Cap grant which is received each year.

The amount of the FFY-2015 Cap Grant from EPA for Mississippi is not known at this time; therefore, the grant amount received by Mississippi in FFY-2014 will be used in this IUP for planning purposes until the actual Cap Grant amount is known. A Cap Grant amount of $9,159,000 will be used for these purposes. The FFY-2015 DWSRF Cap grant application will request an amount of $9,159,000; these funds must be used in the time period of July, 2015, through June, 2019. The FFY-2015 IUP will show in detail the goals (basic, long-term and short-term), the structure, and the financial status of the Program; the role of the set-aside activities within the state; and most importantly, the distribution of funds towards public water system improvements projects and the criteria used to determine their ranking within the priority system. Those desiring to receive a copy of this document may contact Ulysses Conley, Program Support Specialist, at (601) 576-7518.

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 requirements of the "Mississippi Administrative Procedures Law" prior to final submission of the IUP to EPA. A public notice period of at least twenty-five (25) days allows for review and comment before an oral proceeding. A second filing with the Secretary of State's Office occurs with the IUP becoming law 30 days later.

A public notice was given in *The Clarion Ledger*, a newspaper of statewide circulation, that an oral proceeding would be held at 9:00 a.m. on Thursday, January 22, 2015, to receive any written and oral comments on this IUP. ~~Public notice will be given in *The Clarion Ledger*, a newspaper of statewide circulation, to receive any written and oral comments on this IUP. An oral proceeding A public hearing will be held at 9:00 a.m. on Thursday, January 22, 2015.~~ A transcript of the oral proceeding ~~public hearing~~, recording the comments and recommended solutions, will be submitted to EPA along with the Final IUP. Those desiring to receive a copy of the oral proceeding ~~public hearing~~ transcript should contact Ulysses Conley, Program Support Specialist, at (601) 576-7518. 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.healthyms.com/dwsrf.

II. Goals of Mississippi's Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program

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. These 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 drinking water.

A. Basic Goals

1. Maintain a financially sound DWSIRLF in perpetuity; meet a portion of the drinking water needs in the state within a reasonable period of time; and fund projects in order of public health importance. 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.

2. Determine the DWSIRLF's yearly interest rate, taking into consideration that it must be competitive with the private sector, as well as with other available funding sources within the state. This will ensure the timely use of available funds, as well as ensure sufficient 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 periodically evaluate the existing Program requirements and procedures to determine ways to streamline the DWSIRLF Program's application and repayment procedures, making it more user-friendly, attractive and beneficial to loan recipients, while ensuring continued compliance with all federal and state regulations and requirements.

2. Program staff 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. Continue programs to protect the State's ground water by using designated funds from the Cap grants to fund abandonment and plugging of wells. Since FFY-2012 the Program has been using the Local Assistance and Other State Programs set-asides to properly abandon inactive wells and open holes. Inactive wells and open holes are potential avenues of contamination to the aquifer and a danger to humans. This program is a worthwhile endeavor that will protect the source water of the state's water supplies.

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

5. Develop a comprehensive engineering project manager (PM) manual. The Bureau of Public Water Supply continues to make changes to the personnel involved with the DWSIRLF Program as the need arises. A comprehensive manual for project management will help ensure new PMs will have all the necessary tools and reference materials at their disposal to ensure the ongoing project flow will be uninterrupted. Since regulations change periodically, once the manual is completed it will be maintained by assigned staff.

C. Short-Term DWSIRLF Goals

1. Enhance and/or improve the 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 consulting 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.

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

3. Assist applicants in addressing capacity assessment deficiencies found during annual inspections by using technical solutions afforded by the technical assistance set-aside contractors. New or forthcoming regulations may make this a key goal in the future.

4. Train new staff members using available training sessions provided by EPA Region IV staff.

5. Meet special funding goals: The FFY-2015 federal appropriation may introduce additional provisions that will require additional compliance monitoring, thus creating an additional burden to the Program.

6. Automatic repayment collection system: Continue the implementation of an automatic repayment collection system; many loan recipients in the Program's repayment mode desire an automatic electronic repayment system as is available in the public sector. The DWSIRLF, by instituting this payment option, will ensure a more timely receipt of monthly repayments, as well as make the repayment process much more convenient for our loan recipients.

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 are broken down further into designated accounts, each having a specific function.

A. DWSIRLF Loan/Operations Fund

Monies in the Fund support a majority of the functions of the DWSIRLF. These functions include: program administration, set-aside operations, and most importantly, provide disbursements to public water systems for eligible projects. The DWSIRLF is a reimbursement program, meaning that after the loan is awarded, costs associated with planning, designing and constructing the project are reimbursed to the recipient. Cap 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 by the Program. For a more detailed explanation of eligible costs for projects, please reference Appendix A of the DWSIRLF Regulations.

2. Set-aside Accounts:
   The set-aside accounts reside under the umbrella of the Fund and are distinctly designated by reporting categories. A listing of the set-asides taken by Mississippi includes the following:
   a. Administrative Set-aside: Provides financial support to administer the loan Program and other non-project-related activities.
   b. Small System Technical Assistance Set-aside: Provides technical assistance to small water systems through the current 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: Provides additional financial support to MSDH – Bureau of Public Water Supply for Public Water System Supervision Program.

d. Local Assistance and Other State Programs: Provides funding for the implementation of a wellhead protection program through current contractual services with the Mississippi Rural Water Association (MsRWA) and Mid-South Water, LLC.

B. DWSIRLF State Match Funds

As required by the SDWA, the State of Mississippi must match the Cap 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; however, in the 2014 legislative secession, the State Legislature authorized a direct appropriation for the state match. While state match monies are maintained separately from the Fund for accounting purposes, they are still considered to be under the "umbrella" protection of the DWSRF Fund.

C. Drinking Water Systems Emergency Loan Fund (DWSELF)

The DWSELF Fund contains state monies that are 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

The amount of the FFY-2015 Cap Grant from EPA for Mississippi is not known at this time; therefore, the grant amount received by Mississippi in FFY-2014 will be used in this IUP for planning purposes until the actual Cap Grant amount is provided. A Cap Grant amount of $9,159,000 is used for these purposes. Funding amounts and their use are outlined in Appendix A.

The anticipated FFY-2015 EPA Capitalization Grant allotment for Mississippi is $9,159,000 which will require a 20% state match of $1,831,800; this provides an anticipated amount of $10,990,800 for both loans and set-aside activities.

With $1,931,204 being utilized for set-aside activities, $9,059,596 will be used for loans to Mississippi public water supplies; additionally, unobligated funds from the previous year, anticipated loan repayments and interest earnings (all of which are not classified as state match) should also be available as additional funding sources.

The FFY-2015 "Set-aside" use for the standard Cap grant is outlined in Section V of this IUP. Necessary work plans showing utilization of these funds are found at the end of this IUP.

1. Federal Allotment
   If the FFY-2015 Capitalization Grant for Mississippi is $9,159,000 the state match requirement to federal grant funds (cash draw ratio) will be 20.22% state match funds to 79.78% federal grant funds; this requirement will be stated in the grant application.

2. State Match Requirements
   Until 2014 the state 20% match was provided through 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 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 was sold and deposited into the Fund on October 5, 2000.
   - $3,294,840 was used as match for the FFY-1997 Cap grant,
   - $1,654,340 was used as match for the FFY-1998 Cap grant,
   - $1,733,900 was used as match for the FFY-1999 Cap grant,
   - $1,802,020 was used as match for the FFY-2000 Cap grant,
   - $1,809,480 was used as match for the FFY-2001 Cap grant,
   - $1,610,500 was used as match for the FFY-2002 Cap grant,
   - $1,600,820 was used as match for the FFY-2003 Cap grant,
   - $1,494,100 was used as match for $7,470,500 of the FFY-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 FFY-2005.
   - $129,776 was used as match for $648,880 of the FFY-2004 Cap grant.
   - $36,744 was used as match for $183,720 which was the remaining FFY-2004 Cap grant.
   - $1,573,480 was used as match for $7,867,400 of the FFY-2005 Cap grant.

   During the 2006 Regular Legislative Session, the Legislature authorized the sale of general obligation bonds in the amount of $4,003,000, which were sold and deposited in the SRF Fund during the 1st Quarter of FFY-2007. After paying the issuance cost of $2,128.26:
   - $83,620 was used to match the remaining $418,100 of the FFY-2005 Cap grant.

- $1,645,860 was used to match the FFY-2006 Cap grant ($8,229,300).
- $1,645,800 was used to match the FFY-2007 Cap grant ($8,229,000).
- $625,591 was used to match a portion ($3,127,955) of the FFY-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 FFY-2009. After paying issuance costs of $2,256.05:

- $1,003,609 was used to match the remaining FFY-2008 Cap grant.
- $1,629,200 was used to match the FFY-2009 Cap grant ($8,146,000).
- $1,364,935 was used to match a portion of the FFY-2010 Cap grant or $6,824,675.

During the 2010 Regular Legislative Session, the State Legislature authorized an additional $1,400,000 in general obligation bonds which were sold and deposited into the Fund during the 4th Quarter of FFY-2010. After paying issuance cost of $9,087:

- $1,390,913 was used to match a portion ($6,954,566) of the FFY-2010 Cap grant.

During the 2011 Regular Legislative Session, the State Legislature authorized an additional $2,700,000 in general obligation bonds which were sold and deposited into the Fund during the 4th Quarter of FFY-2011. After paying issuance and discount costs of $13,105:

- $69,152 was used to match the remaining FFY-2010 Cap grant ($345,760).
- $1,960,400 was used to match the FFY-2011 Cap grant (9,802,000).
- $1,834 was used to match $9,166 which was transferred to DWSIRLF from the remaining balance of the MS Operator Certification Grant for making additional loans.
- The remaining $655,509 was used to match $3,277,545 of the FFY-2012 capitalization grant leaving a balance of $6,063,455 to be matched.

During the 2013 Regular Legislative Session, the State Legislature authorized an additional $1,000,000 in general obligation bonds. These bonds were sold and the funds were deposited into the DWSIRLF in December 2013. No issuance or discount costs were charged, therefore, the full $1,000,000 bond amount is available to match a portion ($1,902,240) of the FFY-2013 Cap grant and match a portion of ($3,097,760) of the remaining FFY-2012 Cap grant. The $1,000,000 state bond funds will be used as follows.

- $380,448 will match the FFY-2013 Cap Grant Set-aside amount ($1,902,240).
- $619,552 will match $3,097,760 of the remaining FFY-2012 Capitalization Grant.
- $593,139 from the Drinking Water Systems Emergency Loan Fund (DWSELF) will be used to complete the match of the remaining FFY-2012 Capitalization Grant ($2,965,695). (That portion of the DWSELF which exceeds the $5,000,000 initially deposited in the fund may be used to match capitalization grant funds).

- $26,861 remaining from the $620,000 used from the DWSELF Fund will be used to match a portion ($134,305) of the FFY-2013 Cap Grant.

During the 2014 Regular Legislative Session, the State Legislature authorized $1,000,000 in direct funding for the DWSRF program and the use of $2,000,000 in an existing MSDH account for the DWSRF program. Additionally, $180,000 was used from the Drinking Water Systems Emergency Loan Fund (DWSELF). The total of all the state match funds matched all outstanding EPA Grant funds; the remaining portion of the FFY-2013 Cap Grant ($6,727,455) and the total FFY-2014 Cap Grant ($9,159,000). The $3,180,000 of state funds was used as follows.

- $1,345,491 matched the remainder of the FFY-2013 Cap Grant amount ($6,727,455).
- $1,831,800 matched the FFY-2014 Capitalization Grant ($9,159,000).
- $2,709 from the Drinking Water Systems Emergency Loan Fund (DWSELF) will remain to be used as match for future Capitalization Grants.

It is anticipated that the State Legislature will continue to provide a direct appropriation for the State's 20% match portion of the FFY-2015 EPA Capitalization Grant. If this happens, the match amount would be $1,831,800 for an amount of $9,159,000.

3. Loan Increase Reserve
   Beginning in FFY-2003 the Board began to make loan awards after approval of the facilities plans and loan application, rather than after completion of the project design. This change in the loan award sequence increased the likelihood that bid overruns on some projects could be greater than the construction contingency included in the loan agreement. In order to be able to provide loan increases (when needed) to existing loans, the Board intends to set-aside the amount indicated in Appendix A for such loan increases; loan increases will be awarded on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards to the highest ranking project(s) that is ready for loan award at the time funds become available.

B. Financial Planning Process

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

1. Efficient Bond Management
   The Board intends that the MSDH apply for the entire state Cap grant allotment under the federal DWSRF, including the set-asides described in Section V below. State bond proceeds obtained shall be deposited into the DWSIRLF Fund and shall be used as the state match for federal DWSRF Cap grants.

2. Interest Rate Determination
   It is the Board's intention to adjust interest rates such that the demand will 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 Fund 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 used for the purpose of making loans to the public water systems within the State of Mississippi.

1. Funding Limit
   Under state law, the Board has the discretion to set the maximum amount for DWSIRLF loans. For FFY-2015 a maximum loan amount of $5,000,000 per borrower has been set by the Board. The Board may allow (on a case-by-case basis if requested by the borrower and the need has been justified) the maximum loan limit to be exceeded by vote of the Board. Furthermore, during FFY-2015, no more than one loan per borrower will be allowed. At the end of the fiscal year, in the event that funds are available, systems previously receiving an award during FFY-2015 may obtain an additional award(s) or an increase to a previous FFY-2015 award, if no other eligible systems are evident.

2. Interest Rate

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

3. Administration Fee
   Revenues to pay for 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 FFY-2015 loans.

4. FFY-2015 Appropriation Special Provisions
   The Federal 2015 appropriations bill has not been finalized and the final EPA FFY-2015 Cap Grant allotment amounts and any additional federal requirements are not known. It is anticipated that subsidization requirements will be required for the FFY-2015 Cap Grant; the subsidization is expected to be in the form of "principal forgiveness", "negative interest rates", or a combination of the two. The anticipated amount of subsidization is expected to be a minimum of 20% of the Cap Grant amount up to 30% of the Cap Grant amount. If the FFY-2015 Cap Grant is $9,159,000 the subsidization amount would be between $1,831,800 (20%) to $2,747,700 (30%) if the Cap Grant amount is $9,159,000. Furthermore, all loans made with all or part FFY-2015 federal appropriation funds are expected to include the Davis-Bacon Act requirements and <u>may</u> include the American Iron and Steel requirements. Appropriate language will be added to all FFY-2015 loan agreements identifying the additional responsibilities for loan recipients. "Green Infrastructure" requirements are not expected to be an appropriation requirement; however, the Program will continue to encourage those types of projects to seek funding from the DWSIRLF.

5. Other Related Issues
   a. *Type of Assistance Provided:* The assistance to be provided under the DWSIRLF 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; able to enter into a DWSIRLF loan agreement; and have the ability to repay the DWSIRLF loan. With the funds afforded through the FFY-2014 federal appropriation, the DWSIRLF will be able to make loans that will have an amount of "principal forgiveness", if the loan recipient is designated a disadvantaged community. When the specifics of the FFY-2015 appropriation bill become known, the Board may set a limit on the total amount of grant funds that would be designated for additional subsidy. Once the limit of the appropriation subsidy funds has been reached for FFY-2015, loans will return to the DWSIRLF's standard terms without principal forgiveness. In all cases, 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 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, 2014, and the DWSIRLF loan is awarded by September 30, 2015.
   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 FFY-2015 Priority List expires on September 30, 2015. Projects listed in the FFY-2015 Priority List <u>that do not</u> receive funding by this date will not be funded under the FFY-2015 funding cycle and will be subject to the requirements of subsequent IUPs and Priority Lists. Detailed information for the FFY-2015 DWSIRLF projects is shown in Section VIII of this IUP. To facilitate the use of FFY-2015 federally appropriated funds, the priority list may be adjusted to allow funds to 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 Cap grant to support non-project-related drinking water programs which includes administration of the loan program, technical assistance to public water systems, state program management, and other special activities. The state plans to use $1,931,204 of the FFY-2015 Federal Capitalization grant to support the non-project-related drinking water programs activities along with an additional $915,900 in state money needed for state program management match. These non-project-related programs will be operated by MSDH within the agency itself or through contracts with other agencies or organizations. Contracts between the MSDH and other agencies or organizations will be approved by the Board. Work plans detailing how funds will be expended for the set-asides utilized are included as appendices within this IUP. Additionally, progress reports will be included in the Annual Report for those set-asides utilized. The state has elected not to take any additional set-

asides from the FFY-2015 Local Assistance and Other State Programs appropriation, but reserves the right to make revisions to utilize additional funds from this set-aside.

A. Administration

Standard Capitalization Grant
The state plans to reserve for use at a later date the 4% administrative set-aside from the FFY-2015 Capitalization Grant ($366,360); the state will use the 4% administrative set-aside amount previously reserved from the FFY-2003 Capitalization Grant ($320,164) by taking an equal amount from the FFY-2015 Capitalization Grant for the administration of the Program in FFY-2015. This change will decrease the total set-aside amount for the FFY-2015 Cap grant from $1,965,440 to $1,919,244. Costs beyond this set aside amount will be paid from the funds generated by the 5% administrative fee taken from loan repayments.

The state will continue to exercise its right to reserve the Administrative amounts from the FFY-2009 Cap Grant ($325,840), the remaining balance of the FFY-2010 Cap Grant ($282,500), the FFY-2011 Cap Grant ($392,080) and the FFY-2014 Cap Grant ($366,360). These amounts are planned to be taken from future capitalization grants (over the next several years) for administration of the Program. Reserving previous years' 4% administrative set-aside will ensure that the Program will continue to operate with an adequate DWSIRLF staff for proper management of the Program. The reserved set-aside amounts are based on the original capitalization grants awarded during those previous fiscal years.

B. Small System Technical Assistance

Standard Capitalization Grant
The state will use the Small Systems Technical Assistance (2%) set-aside from the FFY-2015 Cap Grant ($183,180) to provide technical assistance to public water systems serving areas with populations of 10,000 or less. With approval by the Board, the state intends to use this set-aside to fund contracts for the following activities: Special Technical Assistance to Referred Systems; Board Management Training for Water System Officials; On-Site Technical Assistance; PEER Review Program; and Hands-on Operator Training. Each of these activities is described in detail in the State of Mississippi's Small Systems Technical Assistance Set-Aside Work Plan included as Appendix F to this IUP.

C. State Program Management

Standard Capitalization Grant
The state intends to use the full 10% set-aside from the FFY-2015 Cap grant ($915,900), as authorized by Section 1452(g)(2) of the Safe Drinking Water Act of 1996 for State Program Management. The funds will 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's 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 the Cap grant funds used for these activities. The dollar-for-dollar match is in addition to the twenty (20%) percent state match required for the Cap grant.

The state is allowed to offset the 100% match requirement by claiming credit for State FFY-2015 PWSS expenditures that exceed the State's FFY-2015 PWSS match requirement. The state is further allowed to use state FFY-2015 PWSS expenditures as a "coupon" to offset the 100% match requirement as long as this amount does not exceed the amount that can be claimed from FFY-2015 expenditures. The MSDH Bureau of Public Water Supply has elected to decline the "coupon" since it sees this as providing no additional monetary benefit to the State Program Management Program.

A tabulation showing amount and source of funds to satisfy match requirements for the FFY-2015 State Program Management set-aside is furnished as Appendix H to this IUP.

D. Local Assistance and Other State Programs

The state intends to use $500,000 (5.46%) of the 15% set-aside amount which is allowed from the FFY-2015 Cap grant to provide funding for wellhead protection projects throughout the state. These funds will be used to properly abandon inactive wells that pose a risk to existing active public water supply source water wells, as well as the environment.

VI. Priority System

The SDWA provides the state with the flexibility to determine how to best utilize the Cap grant. To meet the particular and unique issues facing the public water systems in Mississippi, SDWA requirements allow states to 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 will be placed on the Planning List. It is the Board's judgment with input from the DWSIRLF staff as to when a project is ready to proceed. Loans will be awarded to projects (within available funds) that are above the funding line on the current year's Priority List, that have met all Priority System deadlines and are ready to proceed.

1. Funding Lists and Bypass Procedure
   Should any projects on the FFY-2015 Priority List (which are 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. Released funds will first be made available to listed projects, to ensure that all projects above the funding line meeting priority system deadlines are funded. Any remaining funds will be made available to the highest ranking project(s) shown below the funding line that is ready for loan award at the time funds become available. If no projects 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. FFY-2015 Green Infrastructure Requirement
   The FFY-2015 federal appropriation is not expected to require that a percentage of the funds appropriated for the Revolving Funds be designated for projects that exhibit the elements of green infrastructure, water efficiency improvements, energy efficiency improvements or other environmentally innovative projects. However, projects that wish to be classified in the following elements will be reported as green infrastructure to the EPA through its "Project and Benefits Report Database" and noted in the future annual report. Projects may exhibit one or more of the "green" elements and the details of the project's "green" content will be identified in the business case required for each project if the recipient so chooses.

   - **Green infrastructure projects** include a wide array of practices at multiple scales; green infrastructure projects will manage wet weather and will maintain and restore natural hydrology by infiltrating, evapotranspiring and harvesting and using storm water. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, it may consist of site- and neighborhood-specific practices, such as bio-retention, trees, green roofs, permeable pavements and cisterns.

   - **Water efficiency projects** are designed to use improved technologies and practices to deliver equal or better services with less water. It encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future.

   - **Energy efficiency projects** are designed to use improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy.

- **Environmentally innovative projects** include projects that demonstrate new and/or innovative approaches to deliver services or manage water resources in a more sustainable way.

Projects desiring to be classified as "green" will be judged for eligibility based on the guidance supplied by the EPA and that is available at our website www.healthyms.com/dwsrf. Systems desiring "Green Infrastructure" classification will be required to present a "business case" establishing justification for the classification request. Guidance for establishing a "business case" is available to assist potential loan recipients in preparation of the documentation.

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 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. Subsidization from FFY-2015 Federal Appropriation
   EPA is expected to mandate that a minimum of 20% but no more than 30% of the FFY-2015 Cap grant be provided as additional subsidization to disadvantaged communities. Based on the FFY-2015 grant amount of $9,159,000 the amount of subsidization will be between $1,831,800 and $2,747,700. The DWSIRLF's subsidization will be in the form of "Principal Forgiveness" (PF) to individual public water supplies that are considered disadvantaged communities and which received reimbursements with Federal Cap grant funds during the construction of

the project. If the amount of PF which a project is eligible exceeds the amount of Federal Cap grant funds which it received, the amount of PF extended will be limited to the amount of Federal Cap grant funds used for reimbursement.

Subsidization may be used over a two year period. Subsidization remaining from a previous year may be awarded to loans which are eligible for PF over a two year time period. Subsidization for FFY-2014 may be awarded to projects eligible for PF in FFY-2015 and FFY-2016.

Disadvantaged Community Program

During FFY-2015, the following PF methodology will be used since it is anticipated that the FFY-2015 federal appropriation will continue to require the state to provide additional subsidy for disadvantaged communities.

The amount of PF for which a potential "Loan Recipient" (LR) may be eligible will be determined by calculating the percentage of the "Median Household Income" (MHI) of the potential LR versus the MHI of the State of Mississippi ($36,311) as a whole.

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

This PF will be extended to projects until all mandated subsidy funds are obligated. The amount of PF given will be assigned at loan award and will not change after the project goes to the bid phase. Additionally, due to the limited amount of PF funds, the maximum amount of PF funds a loan recipient may receive for a project will be set at $500,000. Once subsidy funds are depleted, only standard loans will be made with DWSIRLF funds.

MHI's to be used for calculating PF will be those displayed in the publication "The Sourcebook of Zip Code Demographics", Twenty-third Edition. Where the affected community is included in more than one zip code area, an average will be used for the community's MHI.

In the event that a LR declines their loan that includes PF, the released PF may be reallocated to other projects for the present fiscal year that are eligible for PF or the PF may be carried over to projects for the next fiscal year.

If returned PF funds are reallocated to projects awarded during the existing fiscal year. The reallocation of PF will be given first to projects which did not receive their full allowable amount based on the above table up to the maximum allowed limit.

If all projects have received their full allowable amount, returned PF funds may be reallocated to projects awarded PF during the existing fiscal year based on a percentage of the individual LR's initial loan amount to the total loan amount of loans awarded PF during the fiscal year.

In all cases, the amount of PF which is awarded to a project may not exceed the amount of Federal Cap grant funds which the project was reimbursed during the construction of the project.

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 - Segmented Projects*
   This category of projects includes any remaining segments of projects that previously received funding for an integral portion of that project, and are necessary for the entire project to be functional. Projects will be funded under this category in order of their regular priority ranking provided they meet the deadlines established in Section D.

   In order to maintain continuity, the Board intends to make some amount of funds available for each ongoing-segmented project. Preference in the amount of funds to be provided will be given to the projects that received the earliest loan award for their initial segment.

2. *Category II - 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.

3. *Category III - 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 nature of the project, additional treatment requirements may be necessary as part of the proposed project.

4. *Category IV - One Well*
   This category includes projects to provide additional water supply to systems that have neither a backup well or 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 nature of the project, additional treatment requirements may be necessary as part of the proposed project.

5. *Category V – 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

6. *Category VI - 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 (DEQ-GPB). If the public water system has not received its SWAPR from the DEQ-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 DEQ-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 DEQ-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.

7. *Category VII - 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.

8. *Category VIII - 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.

9. *Category IX – 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.

10. *Category X - 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.

11. *Category XI - 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.

12. *Category XII – 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.

13. *Category XIII – 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 SDWA (3) use consolidation with other systems to correct existing deficiencies and improve management; (4) take into consideration the system's current capacity; (5) encourage participation in short-term and long-term technical assistance programs; and (6) encourage 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; be defined as the sum of individual connections **currently experiencing deficiencies that will be corrected by the improvement;** and include 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 "Median Household Income" (MHI) for the State of Mississippi ($36,311)* MHI for the affected community. The affordability factor used in the calculation will be no less than 1.0 and no greater than 1.5.

   The MHI 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 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 case of a tie 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 available 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.

D. Priority System Deadlines

1. By October 1, 2014, a complete DWSIRLF facilities plan, prepared in accordance with the DWSIRLF loan program regulations, must be submitted to MSDH.
   A complete DWSIRLF facilities plan includes: all Intergovernmental Review (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 provide a copy of the facilities plan to USDA - Rural Utilities Service (RUS); if the loan applicant has an existing debt with RUS, their approval to incur the additional debt must be obtained and provided as part of the plan.

   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. If the change is made after adoption of the IUP, 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 FFY-2015 and to be able to qualify for the Previous Year Certified Projects Category in the FFY-2015 IUP.

2. By May 1, 2015, 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. It is recommended that they request a pre-application conference with DWSIRLF staff as early in the application process as practical. This deadline also applies to all projects competing for released funds during FFY-2015 and to be able to qualify for the Previous Year Certified Projects Category in the FFY-2015 IUP.

3. By August 1, 2015, 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 FFY-2015 and to be able to qualify for the Previous Year Certified Projects Category in the FFY-2015 IUP.

VII. FFY-2015 Priority List

FINAL ~~DRAFT~~

Fiscal Year - 2015 Mississippi Drinking Water Systems Improvements
Revolving Loan Fund Program Priority List

Category II: Previous Year Certified Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Mendenhall, City of	Installation of 8" PVC	39114	6081	2504	$33,225		$209,050	$209,050
Wiggins, City of	1000 GPM Well/3,000 ft.8" Main/Seal Well	39577	1055	4747	$0	$0	$1,610,668	$1,819,718

Category III: Primary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	6020	10000	$0	$0	$412,000	$2,231,718
Yazoo, City of	New Well/Water Distribution System	39194	2866	16400	$0	$0	$1,855,557	$4,087,275
Taylorsville, Town of	New Water Well/Rehab Existing Storage Tank	39168	927	2000	$0	$0	$815,000	$4,902,275

Category IV: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Duffee Water Assoc.	Backup Well	39337	868	2617	$82,409		$746,307	$5,648,582

Category V: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Bear Creek Water Associations, Inc.	Installation of 12" and 16" Water Mains	39046	7141	40000	$0	$0	$1,600,000	$7,248,582

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

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Madison, City of	Construction of 1Mil Gallon Storage Tank	39110	1664	13986	$0	$0	$2,800,895	$10,049,477
Brookhaven, City of	Install Water Main/Rehab Existing Facilities	39602	1221	13300	$500,000		$3,925,130	$13,974,607
Jumpertown, Town of	Water Dist. System Improvements	38829	574	1500	$0	$0	$938,060	$14,912,667
Tupelo, City of	Upgrade Water Distribution System	38802	152	34500	$0	$0	$659,000	$15,571,667
Brookhaven, City of	Water Distribution Extension	39602	133	12515	$0	$0	$3,000,000	$18,571,667

Category VIII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested		Statewide Cum. $
Winona, City of	New Water Well	38967	6515	5800	$140,875		$0	$402,500	$18,974,167
Magee's Creek W/A	Construct New 150,000 Gal. Tank/Treatment	39667	2785	7992	$438,550		$0	$1,253,000	$20,227,167

Category IX: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Lumberton, City of	Replace/Upgrade Water Mains	39455	2440	2228	$276,975		$1,107,900	$21,335,067

* The "Funding Line" indicates the funds which are anticipated to be available for loans in FFY-2015 based on the funds authorized and provided by the 2014 Legislature; obtaining the remainder of the FFY-2013 Federal Capitalization Grant and the FFY-2014 Federal Capitalization Grant which are supplied by EPA; and repayments and interest on previous loans. The funding available in FFY-2015 should equal $37,363,325.

** Currently, the requirements of additional subsidization are unknown. Once the final federal appropriation with related requirements is made, additional modifications will be made to the priority system and ranking to integrate the federal requirements as necessary.

Funding Sources

PF – Principal Forgiveness – Method of Subsidization the state has elected to use.
CPF – Cumulative Principal Forgiveness
CGI – Cumulative Green Infrastructure

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.

FINAL ~~DRAFT~~

Fiscal Year - 2016 and After Planning List
Mississippi Drinking Water Systems Improvements Revolving Loan Fund Program

(Projects included on the Planning List did not meet the September 30, 2014 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 cannot be completed until the facilities plan has been submitted and reviewed.)

Category II: Previous Year Certified Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Mendenhall, City of	New 500 GPM Well/250,000 Gal Tank/Treatment	39114	531	2504	$138,750		$2,634,100	$2,634,100

Category III: Primary Drinking Water Standards Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	5277	10000	$0	$0	$470,000	$3,104,100
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	4232	10000	$0	$0	$586,000	$3,690,100
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	4232	10000	$0	$0	$586,000	$4,276,100
Tunica County Utility District	Repair & Paint Elevated Storage Tanks	38676	3533	10000	$0	$0	$702,000	$4,978,100
Okatoma Water Association	New Well/Elevated Tank/Treatment System	38911	891	3405	$0	$0	$1,545,000	$6,523,100
Bude, Town of	New Well/Water System Improvements	39630	400	1016	$500,000		$1,643,000	$8,166,100

Category IV: One Well Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Center Water Association, Inc.	Construct 200,000 Gal Elevated Tank/Rehab Well	39426	2157	5760	$0	$0	$850,500	$9,016,600

Category V: Pressure Deficiencies Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Carthage, City of	Upgrade Booster Station's Controls	39051	103189	4637	$5,000		$20,000	$9,036,600
Carthage, City of	Upgrade and Replace Water Mains, Booster Station	39051	8255	4637	$67,500		$250,000	$9,286,600
Natchez, City of	New 500,000 Ga. Tank/Distribution Lines	39120	5979	18340	$418,950		$1,675,800	$10,962,400
Clayton Village Water Association,	New Generator/Upgrade Existing System	39759	4184	5000	$137,550		$393,000	$11,355,400
Forest, City of	Rehab Existing Storage Tank	39074	2535	5968	$283,750		$1,135,000	$12,490,400
Aberdeen, City of	400 GPM Well/100,000 Gal. Elev.Tank/Rehab	39730	2316	6415	$370,487		$1,481,949	$13,972,349
Forest, City of	New 900 GPM Well	39074	1799	5968	$400,000		$1,600,000	$15,572,349
---------- Funding Line $16,028,258 ----------								
Guntown, City of	Water Sys. Improvements/Valves/Lines/Meters	38849	1219	2912	$0	$0	$975,000	$16,547,349

Ridgeland, City of	New 1,600 GPM Well/500,000 Gallon Tank	39158	491	24000	$0		$3,434,404	$19,981,753
Ridgeland, City of	Two 1,600 GPM Ser. Pumps/Rehab Current	39158	348	24000	$0		$4,840,000	$24,821,753

Category VI: Source Water Protection Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Walnut, Town of	Installation of Water Lines/2 Master water Meters	38683	3064	1397	$0	$0	$256,000	$25,077,753

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

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Batesville, City of	Installation of Water lines	38606	31582	7600	$37,500		$125,000	$25,202,753
Batesville, City of	Installation of Water Lines	38606	26319	7600	$37,500		$150,000	$25,352,753
Ridgeland, City of	Enhance Distribution System/Install 12 in Lines	39157	15710	24000	$0	$0	$830,375	$26,183,128
Batesville, City of	Rehab/Replacement of Existing Facilities	38606	14356	7600	$68,750		$275,000	$26,458,128
Batesville, City of	Rehab Existing Facilities	38606	11279	7600	$87,500		$350,000	$26,808,128
Batesville, City of	Rehab Existing Facilities	38606	9629	7600	$102,500		$410,000	$27,218,128
Batesville, City of	500,000 Gallon Elevated Tank	38606	5264	7600	$187,500		$750,000	$27,968,128
Bay Springs, Town of	New 1,000 GPM Well	39422	2254	2000	$340,010		$617,000	$28,585,128
Helena Utility District	Enhance Water Distribution System	39562	149	700	$0	$0	$1,883,000	$30,468,128
Nicholson Water & Sewer Assn.	Installation of Approx. 10,400 L.F. of Water Main	39463	82	3500	$270,450	$0	$1,803,000	$32,271,128
Jackson County Utility Authority	Water Distribution System Improvements	39567	4	450	$0	$0	$6,250,000	$38,521,128

Category VIII: Back-up Water Supply Sources Projects

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Batesville, City of	New 750 GPM Well	38606	7896	7600	$125,000		$500,000	$39,021,128
Batesville, City of	Rehab Existing Infrastructure	38606	7896	7600	$125,000		$500,000	$39,521,128
Ridgeland, City of	1,600 GPM Potable Water Well	39158	3663	24000	$0		$2,189,300	$41,710,428
Hilldale Water Association, Inc	300,000 Gal. Elevated Tank	39180	1520	5400	$0		$1,184,490	$42,894,918
Hazlehurst, City of	New Well & Raw Water Line	39083	1412	4400	$375,000	$0	$1,500,000	$44,394,918
Horn Lake, City of	New Well/Tank Upgrade Existing Facility	38637	485	1500	$0	$0	$2,474,600	$46,869,518
Marion, Town of	600 GPM Tr. Facil/600 GPM Well/Generator	39342	367	2000	$500,000		$2,748,800	$49,618,318

Category IX: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
Carthage, City of	Backup Generator	39051	20638	4637	$25,000		$100,000	$49,718,318
Ridgeland, City of	Upgrade/Replace Existing Water Lines	39157	18530	24000	$0	$0	$704,000	$50,422,318
Carthage, City of	Install Generator/Upgrade Existing Facilities	39051	12140	4637	$42,500		$170,000	$50,592,318

Ridgeland, City of	Water Line Relocation	39158	10108	24000	$0		$793,400	$51,385,718
Collins, Town of	Water Line Replacement	39428	9961	4000	$48,664		$139,040	$51,524,758
Collins, Town of	Water Line Replacement	39428	8766	4000	$55,300		$158,000	$51,682,758
Collins, Town of	Water Line Replacement	39428	8766	4000	$55,300		$158,000	$51,840,758
West Point, City of	Upgrade SCADA/Chlorine Analyzer/Paint 5	39773	7049	16500	$217,500		$870,000	$52,710,758
Grenada, City of	2 500 GPM Wells/500,000 Gallon Elevated Tank	38901	4391	22951	$500,000		$2,202,700	$54,913,458
Mount Olive, Town of	Replacement of Water Lines	39119	2348	1000	$80,962		$231,320	$55,144,778
Alcorn Co. Water Association	300,000 Gal Storage Tank/upgrade Facilities	38834	1187	6500	$190,965		$1,273,101	$56,417,879
Alcorn Co. Water Association	Renovate Elevated tanks/Replace Water Lines	38834	1155	6500	$130,938		$872,920	$57,290,799
Edwards, Town of	Construction of Ozone Treatment Facility	39066	449	1980	$235,500		$1,570,000	$58,860,799

Category XIII: Other

Project	Project Description	Zip Code	Priority Points	Service Area Population	Eligible PF	Green Project	Loan Amount Requested	Statewide Cum. $
NTS Utility Assoc.	Radio Read Meters	39307	4390	5700	$0		$432,845	$59,293,644

* The "Funding Line" indicates the funds which are anticipated to be available for loans in FFY-2015 based on the funds authorized and provided by the 2014 Legislature; obtaining the remainder of the FFY-2013 Federal Capitalization Grant and the FFY-2014 Federal Capitalization Grant which are supplied by EPA; and repayments and interest on previous loans. The funding available in FFY-2015 should equal $37,363,325.

**Currently, the requirements of additional subsidization are unknown. Once it has been determined by the final federal appropriation, additional modifications will be made to the priority system and ranking to integrate the federal requirements as necessary.

Funding Sources

PF – Principal Forgiveness – Method of Subsidization the state has elected to use.

DW – Drinking Water System Improvement Revolving Loan Fund – includes repayments, interest and FFY-2014 Capitalization Grant.

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.

VIII. Expected Public Health Outcomes & Performance Measures

The objective of this program is to disperse all available loan and grant funds in a timely manner in order to achieve the public health protection benefits resulting from the projects identified in the FFY-2015 IUP, and to ensure compliance with loan agreements, as required by state and federal laws and regulations.

By implementing the FFY-2015 IUP and funding projects shown on the FFY-2015 Priority List (Section VII), 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 FFY-2015. If the full Cap grant occurs, the public health protection outcomes resulting from the funding of the projects on the priority list will be: 1) two systems will continual projects to upgrade or rehabilitate existing facilities; 2) three systems will become compliant with primary drinking water standards; 3) one system will receive an additional water source; 4) one system will make improvements to improve pressures; 5) five water systems will construct distribution to serve previously un-served areas; 6) two systems will construct back-up water supplies; and 7) one system will replace aging water meters with modern radio read meters.

The success of the DWSIRLF Program will be defined by the ability of the MSDH to successfully meet commitments in the FFY-2015 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. Where necessary, 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.

(Blank)

Appendices

Appendix A - Part 1A
FFY-2015 Anticipated Available Funds for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program
October 1, 2014

FFY-2015 National Title I DWSRF Appropriation (Estimate) (Using FFY-2014 Amount) $906,896,000

* Mississippi's Allotment [section 1452(m)] **(Estimate) (Using FFY-2014 Amount)**		$9,159,000
FFY-2015 State Match Required (20% of Mississippi's Allotment) **(Estimated) (Using FFY-2014 Amount)**	+	$1,831,800
Total FFY-2015 Federal Allotment and Required State Match (Estimate):		$10,990,800

FFY-2015 Actual Funding (Federal and State)

**2014 Legislated State Match (Direct Appropriation from Legislature)	+	$1,000,000
**2014 Legislated State Match (Legislature authorized use of $2M in existing MSDH Fund – 02MS)	+	$2,000,000
**2014 Emergency Fund transfer (Remaining amount needed as State Match for remainder of the FFY-2013 Cap Grant & all of the FFY-2014 Cap Grant funds)	+	$180,000
Remaining Portion of FFY-2013 Cap Grant Balance Captured by 2014 Legislation (State Match $1,345,491) (FFY-2013 Cap Grant Completely Matched)	+	$6,727,455
FFY-2014 Cap Grant Funds (State Match = $1,831,800) (FFY-2014 Cap Grant completely matched by the 2014 Legislation & Emergency Fund Transfer) ($2,709 will remain from the Emergency Fund to be used for future matches)	+	$9,159,000
Total Federal and State Funds to be Available in FFY-2015:		**$19,066,455**

FFY-2014 Cap Grant Set-Asides

DWSRF Administrative Expenses [section 1452(g)(2) - 4%] (Used reserved amount from 2004)	+	$332,124
Small Systems Technical Assistance [section 1452(g)(2) - 2%]	+	$183,180
Local Assistance and Other State Program [section 1452(g)(2) - 15%] (taking ~5.2%)	+	$500,000
State Program Management [section 1452(g)(2) -10%]	+	$915,900
Total FFY-2013 Cap Grant Set-Asides:		$1,931,204

Note: No FFY-2015 Cap Grant Funds or Set-asides are shown in this report in order to make this projection more realistic. State Match funds for Cap Grant funds normally will not be available until QTR1 of FFY-2016; therefore, the first portion of the FFY-2015 Cap Grant funds will not usually be received until QTR1 of FFY-2016.

Total Federal and State Funds available in FFY-2015		**$19,066,455**
Less FFY-2014 Set-asides	-	($1,931,204)
Total Federal & State Funds available for Loan Obligation in FFY-2015		**$17,135,251**

FFY-2015 DWSRF Funds Projections

Total Federal & State Funds available for Loan Obligation in FFY-2015		+	**$17,135,251**
Unobligated Funds Carried Over from FFY-2014		+	$9,574,696
Anticipated Loan Repayments To Be Deposited	10/1/14 - 9/30/15	+	$11,246,675
Anticipated Interest on Fund To Be Deposited	10/1/14 – 9/30/15	+	$406,307
Anticipated FFY-2015 Loan Decreases	10/1/14 - 9/30/15	+	$0
Anticipated FFY-2015 Loan Increases	10/1/14 - 9/30/15	-	($0)
FFY-2015 Loan Increase Reserve ($1.0m)		-	($1,000,000)
Total Funds Available for Loan Awards in FFY-2015 (Anticipated)			**$37,363,325**
Funds needed for Projects on the FFY-2015 Priority List & FFY-2016 After Planning List			**($80,628,711)**
Additional Funds needed to fund all Anticipated Projects in FFY-2015			**$43,265,386**

Appendix A - Part 1A (Cont.)
FFY-2015 Anticipated Available Funds for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program

October 1, 2014

* Mississippi will apply for the entire FFY-2015 Cap Grant if State match funds are provided by the Legislature. **Cap Grant funds must be matched within 24 months of award.**

** The 2012 Regular Legislative Session did not provide any matching funds for the FFY-2012 Cap Grant ($9,341,000).
During the 2013 Regular Legislative Session, the Legislature authorized $1,000,000 in general obligation bonds. Bonds were sold and the proceeds were deposited into the DWSRF Fund during the 1st Quarter of FFY-2014 (December 2013). No discount & issuance costs were charged against the bond amount.

- $380,448 was used to match the Set-asides ($1,902,240) of the FFY-2013 Cap Grant ($8,764,000).
- $619,552 (the remainder of the $1M bond) was used to match $3,097,760 of the FFY-2012 Cap Grant, leaving a balance of $2,965,695 of the FFY-2012 Cap Grant to be matched.

In FY-2013, approval was received to use $620,000 from the Drinking Water Emergency Loan fund; the proceeds above the initial $5 M deposited by the State into the fund may be used for similar purposes.

- $593,139 was used to match the remainder ($2,965,695) of the FFY-2012 Cap Grant. • $26,861 was used to matched $134,305 of the remaining FFY-2013 Cap Grant; leaving a balance of $6,727,455 to be matched.

During the 2014 Regular Legislative Session, the Legislature authorized $1,000,000 in direct funding and the use of $2,000,000 in an existing MSDH account (02MS) for the DWSRF program. Additionally, $180,000 will be used from the Emergency Fund. These funds matched all outstanding grant funds; the FFY-2014 Cap Grant ($9,159,000) and the remainder of the FFY-2013 Cap Grant ($6,727,455). The $3,180,000 will be used as follows:

- $1,345,491 will match the remainder ($6,727,455) of the FFY-2013 Cap Grant.
- $1,831,800 will match the FFY-2014 Cap Grant ($9,159,000),
- $2,709 will remain to be use for future matches.

Appendix A - Part 2A
FFY-2014 End-of Year Funds Report
Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program
October 1, 2014

FFY-2014 National Title I DWSRF Appropriation (Actual)		**$906,896,000**
* Mississippi's Allotment [section 1452(m)] (Actual FFY-2014) (Actual)		**$9,159,000**
FFY-2014 State Match Required (20% of Mississippi's Allotment) (Actual)	+	$1,831,800
Total FFY-2014 Federal Allotment and Required State Match (Actual):		$10,990,800
FFY-2014 Actual Funding (Federal and State)		
**2013 Legislated State Match from Bonds (Received Dec 2013)	+	$1,000,000
Portion of FFY-2012 Cap Grant Captured by 2013 Legislation (State Match $619,552)	+	$3,097,760
FFY-2013 Cap Grant Set-asides Matched by the 2013 Bond Legislation (Set-aside State Match = $380,448)	+	$1,902,240
2013 Emergency Fund Transfer	+	$620,000
Portion of FFY-2012 Cap Grant Captured by Emergency Funds (Match $593,139) (FFY-2012 Cap Grant completely matched)	+	$2,965,695
FFY-2013 Cap Grant Funds Captured by Balance of Emergency Funds Used as State Match (Match $26,861)	+	$134,305
Total Federal and State Funds available in FFY-2014:		$9,720,000
FFY-2013 Federal Funds remaining to be captured and required State Match		
FFY-2013 Cap Grant Balance to be captured by 2014 Legislation (Direct Authorization, Existing MSDH Account and Emergency Fund transfer)		$6,727,455
2014 Legislated Match Funds for the Remaining FFY-2013 Cap Grant Funds ($6,727,455)		$1,345,491
Total State Match needed for remaining FFY-2013 Federal Funds & FFY-2014 Cap Grant:		**$3,177,291**
FFY-2013 Cap Grant Set-Asides		
DWSRF Administrative Expenses [section 1452(g)(2) - 4%]	+	$350,560
Small Systems Technical Assistance [section 1452(g)(2) - 2%]	+	$175,280
Local Assistance and Other State Program [section 1452(g)(2) - 15%] (taking ~5.2%)	+	$500,000
State Program Management [section 1452(g)(2) -10%]	+	$876,400
Total FFY-2013 Cap Grant Set-Asides:		**$1,902,240**
Total Federal & State Funds Available in FFY-2014		**$9,720,000**
Less FFY-2013 Set-asides	-	$1,902,240
Total FFY-2014 Federal and State Funds to be Available for Loan Obligation		**$7,817,760**
FFY-2014 DWSRF Funds & Repayments		
Unobligated Funds Carried Over from FFY-2013	+	$9,530,568
Federal & State Funds available in FFY-2014	+	$7,817,760
Loan Repayments Deposited to the Fund (Actual) 10/1/13 - 9//30/14	+	$12,269,097
Interest Deposited to the Fund (Actual) 10/1/13 - 9/30/14	+	$443,681
FFY-2014 Loan Decreases (Actual) 10/1/13 - 9/30/14	+	$1,711,306
FFY-2014 Loan Increases (Actual) 10/1/13 - 8/30/14	-	($60,802)
FFY-2014 Loan Increase Reserve ($1.0m)	-	($1,000,000)
2014 Projects Available for Loan Awards		**$30,711,610**
Loan Awards made during FFY-2014 (16 Initial Loans for $21,136,914)		**($21,136,914)**
FFY-2014 Carryover Funds to FFY-2015		**$9,574,696**

Appendix A - Part 1B (Cont.)
FFY-2014 End-of Year Funds Report for the Mississippi Drinking Water Improvements Revolving Loan Fund (DWSIRLF) Program
October 1, 2014

* Mississippi applied for the entire FFY-2014 Cap Grant (Cap Grant Funds must be matched within 24 months of award).

** The 2012 Regular Legislative Session did not provide any matching funds for the FFY-2012 Cap Grant ($9,341,000). During the 2013 Regular Legislative Session, the Legislature authorized $1,000,000 in general obligation bonds. Bonds were sold and the proceeds were deposited into the DWSRF Fund during the 1st Quarter of FFY-2014 (December 2013). No discount & issuance costs were charged against the bond amount.

- $380,448 was used to match the Set-asides ($1,902,240) of the FFY-2013 Cap Grant ($8,764,000).
- $619,552 (the remainder of the $1M bond) was used to match $3,097,760 of the FFY-2012 Cap Grant, leaving a balance of $2,965,695 of the FFY-2012 Cap Grant to be matched.

In FY-2013, approval was received to use $620,000 from the Drinking Water Emergency Loan fund; the proceeds above the initial $5 M deposited by the State into the fund may be used for similar purposes.

- $593,139 was used to match the remainder ($2,965,695) of the FFY-2012 Cap Grant.
- $26,861 was used to matched $134,305 of the remaining FFY-2013 Cap Grant; leaving a balance of $6,727,455 to be matched.

During the 2014 Regular Legislative Session, the Legislature authorized $1,000,000 in direct funding and the use of $2,000,000 in an existing MSDH account for the DWSRF program. Additionally, $180,000 will be used from the Emergency Fund. These funds will match all outstanding grant funds; the FFY-2014 Cap Grant ($9,159,000) and the remainder of the FFY-2013 Cap Grant ($6,727,455). The $3,180,000 will be used as follows:

- $1,345,491 will match the remainder ($6,727,455) of the FFY-2013 Cap Grant.
- $1,831,800 will match the FFY-2014 Cap Grant ($9,159,000),
- $2,709 will remain to be use for future matches.

Appendix B
Part I
Projected Schedule of Outlays
for
Standard Capitalization Grant Set-Asides

FFY-2014 Set-aides

Federal	1Q FFY-15	2Q FFY-15	3Q FFY-15	4Q FFY-15	Total
Administrative	$83,031	$83,031	$83,031	$83,031	$332,124
Small Sys. Tech Assist.	$45,795	$45,795	$45,795	$45,795	$183,180
State Program Mgmt	$228,975	$228,975	$228,975	$228,975	$915,900
Local Asst. & Other St. Programs	$125,000	$125,000	$125,000	$125,000	$500,000
Total Set-asides	$482,801	$482,801	$482,801	$482,801	$1,931,204

FFY-2015 Set-asides

Federal	1Q FFY-16	2Q FFY-16	3Q FFY-16	4Q FFY-16	Total
Administrative	$80,041	$80,041	$80,041	$80,041	$320,164
Small Sys. Tech Assist.	$45,795	$45,795	$45,795	$45,795	$183,180
State Program Mgmt	$228,975	$228,975	$228,975	$228,975	$915,900
Local Asst. & Other St. Programs	$125,000	$125,000	$125,000	$125,000	$500,000
Total Set-asides	$479,811	$479,811	$479,811	$479,811	$1,919,214

FFY-2015 Set-asides will not be available for use until FFY-2016; in FFY-2015 the program will operate using the FFY 2014 Set-asides.

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

Payment (LOC) Number	Payment (LOC) Date	Payment (LOC) Amount	Cumulative (LOC) Amount
FFY-2015			
FFY-2014 Cap Grant No. 1 of 1	1st Quarter FFY-2015	$1,931,204	$1,931,204
FFY-2014 Cap Grant No. 2 of 4	2nd Quarter FFY-2015	$1,806,949	$3,738,153
FFY-2014 Cap Grant No. 3 of 4	3rd Quarter FFY-2015	$3,613,898	$7,352,051
FFY-2014 Cap Grant No. 4 of 4	4th Quarter FFY-2015	$1,806,949	$9,159,000
FFY-2016			
FFY-2015 Cap Grant No. 1 of 1	1st Quarter FFY-2016	$1,931,204	$1,931,204
FFY-2015 Cap Grant No. 2 of 4	2nd Quarter FFY-2016	$1,806,949	$3,738,153
FFY-2015 Cap Grant No. 3 of 4	3rd Quarter FFY-2016	$3,613,898	$7,352,051
FFY-2015 Cap Grant No. 4 of 4	4th Quarter FFY-2016	$1,806,949	$9,159,000

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

	Outlay Quarter	Federal Outlay Amount	Cumulative Outlay Amount
FFY-2015			
	1st Quarter FFY-2015	$1,931,204	$1,931,204
	2nd Quarter FFY-2015	$1,806,949	$3,738,153
	3rd Quarter FFY-2015	$3,613,898	$7,352,051
	4th Quarter FFY-2015	$9,159,000	$9,159,000
FFY-2016			
	1st Quarter FFY-2016	$1,931,204	$1,931,204
	2nd Quarter FFY-2016	$1,806,949	$3,738,153
	3rd Quarter FFY-2016	$3,613,898	$7,352,051
	4th Quarter FFY-2016	$1,806,949	$9,159,000

Appendix E
Mississippi Small Systems Technical Assistance Set-Aside Work plan

INTRODUCTION

The Mississippi State Department of Health (MSDH), Bureau of Public Water Supply (Department), proposes to use the Small Systems Technical Assistance Set-Aside of the DWSRF 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 SDWA.

SELECTION PROCESS

A request for proposals (RFP) for the technical assistance contracts was published in the legal section of *The Clarion-Ledger* and proposals were received on May 10, 2013, from potential contractors. All proposals were evaluated by the Department and recommendations for award were presented to the Board (at a regularly scheduled Board meeting); all contracts were awarded.

All contracts cover a two-year period with an optional third year to be exercised at the Board's discretion on July 1, 2015. The contracts for technical assistance currently are as follows:

- Small Systems Technical Assistance (long-term and intermediate technical assistance) - Community Resources Group;
- Board Management Training Monitoring and Coordination for Water System Officials - Mississippi State University Extension Service;
- Hands-On Operator Training - Mississippi Rural Water Association, Inc.;
- PEER Review Program for Public Water Supplies - Mississippi Rural Water Association, Inc.

PROGRAM ACTIVITIES

The technical assistance program consists of four major categories 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.

Small Systems Technical Assistance:

Comprehensive and Intermediate technical assistance shall be provided to an equivalent of sixteen (16) small public water systems annually.

1. - Long-term technical assistance:

Comprehensive assistance must be provided to a minimum of eight (8) small public water systems annually. The contractor will provide comprehensive assistance to at

least eight (8) public water systems per contract year. At the beginning of each contract year, the MSDH – Bureau of Public Water Supply will provide the contractor a list of systems that are to receive this assistance. Within 30 days of the start date for that contract year, the contractor will identify, with the help of MSDH, eight (8) systems that will receive comprehensive technical assistance, complete an initial assessment of the needs of each of the eight (8) systems, and develop a work plan for each water system. The contractor shall submit an assessment and work plan for each system to MSDH for approval prior to initiating 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. Eight (8) 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 sixteen (16) 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.

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 MSDH. 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 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.

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 sixteen (16) 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.

Peer Review Assistance:

Through the use of trained volunteers, this assistance will be conducted on-site with the systems either selected from a list provided to the contractor by MSDH or with prior MSDH approval. A cooperative agreement between the contractor and the Mississippi Water and Pollution Control Operators' Association will help provide qualified volunteers to serve as peer review team members. There will be a goal of 16 peer reviews per contract year with a minimum of three (3) peer reviews per quarter. Each volunteer shall be paid $75 per day for each actual peer review in which the volunteer participates. The contractor will maintain a directory of trained volunteers.

Activity Objectives - provide short-term (less 8 contact hours) on-site technical assistance to selected systems covering the subject(s) determined by the contractor to be most needed.

Reporting/Evaluation - copies of all completed peer review reports will be provided to both MSDH and the Board within 30 days of completion of each peer review. Written progress reports using a format approved by MSDH will be furnished monthly to MSDH and members of the Board by the contractor. The name of the system undergoing the peer review shall be removed and be identified by a code only known to the contractor. The report shall include: an assessment of which type of capacity was the worst at the time of the visit; a listing of all suggested remedial action; officials present shall be listed by title; an evaluation form (previously approved by MSDH) rating the assistance provided that was completed by the system; any conditions currently or potentially endangering public health; and any 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.

AGENCY RESPONSIBILITIES

The MSDH 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.

Appendix F
Mississippi State Program Management Set-aside Annual Work plan
Section 1452(g)(2) - Safe Drinking Water Act Amendments of 1996

PUBLIC WATER SYSTEM MANAGEMENT PROGRAM BACKGROUND

This work plan describes how the Drinking Water State Revolving Fund (DWSRF) State Program Management set-aside funds will be expended to support the Public Water Systems Supervision (PWSS) Program.

After review of the Draft FFY-2015 Intended Use Plan (IUP) by the Local Governments & Rural Water Systems Improvements Board (Board), the Board will authorize the publication of a legal notice in *The Clarion-Ledger* for the IUP. The notice will request the public to provide comments on the Draft FFY-2015 Intended Use Plan (IUP). The IUP reserves 10% of the state's Drinking Water State Revolving Fund (DWSRF) capitalization grant for the State Program Management activities to support the MSDH PWSS Program as allowed under Section 1452(g)(2) of the SDWA Amendments of 1996. After a 30-Day public comment period, an oral proceeding will be held to receive and consider comments from the public on the Draft IUP. After the resolution of any comments from the public, the Final FFY-2015 IUP will be presented to the Board for adoption at their next scheduled Board meeting. The Final FFY-2015 IUP will be effective thirty days from the date of the Board's adoption.

FUNDING AMOUNT (Standard Capitalization Grant)

The state reserves 10% ($915,900) of the FFY-2015 DWSRF capitalization grant as a set-aside for State Program Management activities of the PWSS Program. The reserved amount will offset the expenses of 8.33 positions of the PWSS Program.

Cost Breakdown	
Administrative/Staffing	$547,285
Fringe Benefits	$186,077
Travel	$20,000
Contractual	$40,800
Indirect Costs	$121,738
Total Funding Amount	$915,900

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

The state projects forty-four (44) FTEs will be required to implement the FFY-2015/2016 PWSS Program. A total of 8.33 FTEs will be funded by this set-aside. An estimated $733,362 will be reserved from the FFY-2015 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)
EE III	1.0
EE IV	2.0
EIT	2.0
Eng. Admin. Super I	1.0
Environmental Admin. II	1.0
SPO IV	1.0
Division Director I	0.33
Total FTEs	8.33

The remaining $182,538 will be used for indirect costs, supplies, and possible contractual services for technical assistance needed to accomplish the requirements of the FFY-2015/2016 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 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 PWSS 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 10,000 in the state monitoring plan of their responsibilities to monitor for Unregulated Contaminant Monitoring Rule; assisting the EPA in sampling systems in the state monitoring plan as determined by the state and EPA in the UCMR Partnership Agreement; adding vulnerable systems to the plan for monitoring UCMR List 3 contaminants based on guidance; review UCMR data from public water systems to ensure that it meets quality assurance and PWS reporting requirements necessary; informing EPA of potential changes needed in the data and, with mutual agreement of the state and EPA, make changes to the data; and responding as requested by the EPA for information on verification of state UCMR implementation.

Operator Certification

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

Source Water Assessment Program

On an annual basis, MSDH reports to EPA on Source Water Assessment Program implementation activities. In FFY-1997, 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 the Safe Drinking Water Inspection System (SDWIS) /Fed Reporting

These ongoing activities include: overseeing and enforcing requirements of data management and the Safe Drinking Water Inspection System (SDWIS) /Fed reporting;

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

Inspection Strategy

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

Management System for Non-compliant Systems

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

Rule Task Force

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

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

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

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

SCHEDULE FOR COMPLETING ACTIVITIES

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

AGENCY RESPONSIBILITIES

The MSDH is the agency responsible for implementing required activities under the State Program Management set-aside.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of State Program Activities will be defined by the ability of the MSDH to successfully meet commitments in the 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.

Appendix G
Local Assistance and Other State Programs Annual Work plan
Section 1452(g)(2) - Safe Drinking Water Act Amendments of 1996

INTRODUCTION

The Mississippi State Department of Health (MSDH), Bureau of Public Water Supply (Department), will use the Local Assistance and Other State Programs Set-aside of the DWSRF in a wellhead protection and assistance program. The program will be eliminating inactive wells and/or open holes which pose a contamination risk to the state's groundwater aquifers, by properly abandoning them in accordance with state guidelines. Local governments realize that the inactive wells/open holes pose a risk of contamination to the groundwater which may be utilize via their active wells; however, funds to properly abandon wells/holes are limited. The financial assistance provided through this set-aside will allow the state, by way of contractual agreement(s), to identify and then properly abandon inactive wells/open holes posing contamination risks to the state's groundwater aquifers.

SELECTION PROCESS

A request for proposals (RFP) for two proposed contracts for coordination and decommissioning/properly closing inactive water wells/open holes was published in the legal section of *The Clarion-Ledger;* proposals were received on May 10, 2013. All proposals were evaluated by the Department and recommendations for aware were presented to the Board at their next regularly scheduled Board meeting which followed the evaluation; both contracts were awarded.

The first contract (the coordination contract) was awarded to the Mississippi Rural Water Association (MsRWA). The second contract (closure contract) was awarded to Mid-South Water & Machine Works (MSW&MW), who is a licensed well driller. The contracts cover a two-year period with an optional third year if exercised at the Board's discretion on July 1, 2015.

PROGRAM ACTIVITIES

The activities described herein will be accomplished through a four part process: Identification of wells / holes needing proper abandonment for the protection of aquifers and the overall public health; communication with public water supply that owns well/hole to encourage proper abandonment; mobilization of well contractor to identified site to perform the work; and confirmation that the work has been completed.

Identification –MsRWA will use a list provided by the Department through a cooperative effort with the Mississippi Department of Environmental Quality Office of Groundwater Resources (MDEQ) to identify wells or open holes owned by particular water systems to be abandoned. Wells/holes deemed high risk by MDEQ will be sought out first for abandonment. Upon completion, wells/holes that are considered medium risk will be addressed next, then low risk.

Communication – Staff from the MsRWA will meet with system officials to encourage them to properly abandon existing inactive wells or open holes posing risk of contamination to their water system and aquifer. This is considered essential to successfully achieving the goal of abandoning those wells/holes posing risk.

Mobilization – Once the communication phase has been completed, staff of the MSW&MW, the licensed well driller contractor, will mobilize to the selected site and commence with the proper abandonment of the well/hole. This will be accomplished in accordance with established guidelines set forth by the MDEQ Office of Groundwater. When the abandonment is complete, the well contractor will contact the MsRWA staff to inform them of project completion.

Confirmation – Staff of the MsRWA will perform site visits to confirm proper abandonment of the wells/holes. When the abandonment is confirmed, MsRWA will notify the Department to ensure that each abandoned well matches invoices submitted for payment.

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing Local Assistance and Other Program activities under this work plan will be the schedule established by set contractual dates. This phase of well abandonment will be completed by June 30, 2015.

AGENCY RESPONSIBILITIES

The MSDH will be monitoring contractors throughout the process to ensure effective completion of contractual assignments.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of this set-aside will be defined by the ability of the MSDH through the solicited contractor(s) to remove by proper abandonment wells or open holes that potentially pose a risk to existing water supplies and the aquifers which supply the well water.

Appendix H
Mississippi State Program Management Set-Aside Match Requirements - Mississippi 1:1 Requirement

	FFY 1993	FFY-2015
PWSS Grant	$769,600	$915,900
State Required Match for PWSS Grant	$256,533	$915,900
Actual State PWSS Contribution	$256,533	$3,264,627
State PWSS Overmatch	$0	$2,348,727
State PWSS Expenditures Eligible for 1:1 SPM Match	$128,266	$3,264,627
State PWSS Expenditures Claimed for 1:1 SPM Match	$128,266	$915,900

Mississippi requests $915,900 of its FFY-2015 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, $915,900 in additional state funds will be required. The state will provide an estimated $2,348,727 above the state's PWSS match requirement in FFY-2015. This contribution is provided through the collection of Water Quality Analysis Fees by the MSDH Bureau of Public Water Supply. In accordance with Section 1452(g)(2) of the SDWA of 1996, the state claims $915,900 from its FFY-2015 PWSS overmatch as credit to satisfy the $915,900 additional state match required to set-aside $915,900 of its FFY-2015 Capitalization Grant for SPM activities.

Appendix I
Coordination Schedules for Jointly Funded Projects

FFY-2015 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) Loan/ Grant 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, 2014	Mississippi Appalachian Regional Office (MARO) notifies potential applicants & local Planning & Development Districts of the September 1, 2014, deadline for submitting complete ARC grants applications.	(N/A)	(N/A)
Sept 1, 2014	All FY-15 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, 2014**	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, 2014	MS State Dept of Health (MSDH) notifies MARO of loan applicants who have submitted complete facilities plans which indicate anticipated FY-2015 ARC funding. MARO notifies MSDH of ARC grant applicants who submitted pre-applications which indicate anticipated FY-15 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-2015 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-2015 RUS funding
Nov 15, 2014	MARO completes review of FY-2015 projects and briefs Governor on proposed Priority 1 and Priority 2 project lists, as well as projects not eligible to be funded.	(N/A)	(N/A)

	ARC	CDBG	RUS
Nov 15-30, 2014	MARO notifies local Planning & Development Districts of projects that have been selected for the P1 (fundable priority list). MARO will copy MSDH on these notification letters if grantee has indicated that it is pursuing DWSIRLF loan funds for the project. MSDH will not award a DWSIRLF loan until this notification from MARO is provided.	(N/A)	(N/A)
Oct 18, 2014	(N/A)	CDBG program application workshops.***	(N/A)
Nov, 2014	MSDH advertises Draft DWSIRLF FFY-2014 Intended Use Plan for public comment.	MSDH advertises Draft DWSIRLF FFY-2014 Intended Use Plan for public comment.	MSDH advertises Draft DWSIRLF FFY-2014 Intended Use Plan for public comment.
Dec 30, 2014	Deadline for all FY-2014 Priority 1 documentation and forms to be submitted to MARO.	(N/A)	(N/A)
Dec, 2014	Board adopts FFY-2014 DWSIRLF Intended Use Plan accounting for anticipated ARC award amounts if identified in facilities plan.	Board adopts FFY-2015 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 12/7/2014 until 8/2015	Board adopts FFY-2015 DWSIRLF Intended Use Plan, accounting for anticipated RUS award amounts if identified in facilities plan.
Jan 20, 2015	(N/A)	Deadline for a CDBG grant applicant to submit a water viability review form to MDA.	(N/A)
Jan, 2015	MSDH notifies MARO of projects included on final FFY-2014 Priority List that anticipate receiving FFY-2014 ARC funds.	MSDH notifies MDA of projects included on the Final FFY-2015 Priority List that anticipate receiving FFY-2015 CDBG funds.	MSDH notifies RUS of projects included on the final FFY-2015 Priority List that anticipate receiving FFY-2015 RUS funds.

	ARC	CDBG	RUS
Feb 1, 2015	MARO sends project applications to ARC-Washington to start final funding approval process.	(N/A)	(N/A)
Feb 16, 2015	(N/A)	CDBG public facilities applications, along with one copy of the DWSIRLF loan application with maps and appropriate attachments, will be accepted from 2/16/2015 until 4:00 p.m. on 2/17/2015.	(N/A)
Feb- Jun, 2015	ARC-Washington starts the final funding approval process and awards ARC grants during the spring or summer of 2015.	(N/A)	(N/A)
Mar, 2015	(N/A)	MDA provides notification to MSDH that complete CDBG applications have been received.	(N/A)
May 1, 2015**	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)

	ARC	CDBG	RUS
May, 2015	(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, 2015	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 provides notification that RUS awards have been made
Aug 1, 2015**	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, 2015	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.

** **FFY-2015 DWSIRLF Priority System Deadline**

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

Appendix J
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 the federal cross-cutter requirements required in the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program, thereby saving valuable time and expense. This Program eliminates the need to address emergency loans in the DWSIRLF. 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 <u>may not</u> be incurred prior to the budget period established in the loan agreement, which <u>may not</u> 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.

Appendix K - 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.

   An oral proceeding ~~public hearing~~ will be held 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. Anyone desiring to receive a copy of the public hearing transcript should contact Ulysses Conley, Program Support Specialist, 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 Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program monies as efficiently as possible, and to disburse the funds in a timely and expeditious manner.

8. 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 FFY-2016 and After Planning List for the purpose of funding such a project during FFY-2015 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 Capacity Development (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.