DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND PROGRAM

DRAFT

FY-2005 INTENDED USE PLAN
AMENDMENT NO. 2

Presented to the Board on July 21, 2005

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS

IMPROVEMENTS BOARD

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LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD

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Purpose of Amendment No. 2 to Final
FY-05 Intended Use Plan

The purpose of this amendment is to revise the final FY-05 Intended Use Plan to reflect the following change(s):

- Addition of the following projects to the FY-2006 and After Planning List to allow for their funding in FY-05:
  - SE Rankin Water Association – Well and Tank
  - Fisher Ferry Water District – Distribution System Maintenance Building
  - City of Ocean Springs
    - Well and Distribution
    - Distribution
    - Water Meters
  - Hillsdale Area Water Authority – Wells, Tank, and Distribution
  - ACL Water Association – Elevated Tank
  - West Jackson County Utility District – Well, Tank, and Distribution
  - City of Morton – Tank Rehabilitation

- Revision of Sections VI.B., IX, X, and Appendices A. and B.I. due to a lack of state match bond funding during the Spring 2005 legislative session.

I. Goals of the DWSIRLF Loan Program

The Local Governments and Rural Water Systems Improvements Board (Board) has established certain goals for the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Loan Program. Short term goals include: 1) continuing to refine the DWSIRLF Loan Program to make the loan program more attractive to the public water systems in the state through customer outreach to not only public water systems but also consulting engineering. This will involve "one on one" visits with engineering firms to understand from their point of view what could make the loan program more appealing. This also will include the possibility of revising some Standard Operating Procedures (SOPs) and other documents necessary to streamline approvals, document processing, and loan award process; 2) Assisting applicants in addressing capacity assessment deficiencies found during annual inspections through solutions afforded to by the use of the technical assistance set-asides contracts; 3) Hire additional staff to assist in the administration of the program; 4) Develop a web based system for tracking SRLF projects and Bureau of Public Water Supply projects that will allow access to consulting engineers, contractors, and loan recipients to check approval/comment status; 5) Develop procedures to speed up approval/review processes of the various pieces to the loan program; and 6) Maintain reasonable priorities and procedures which will help meet the long term drinking water improvement goals of the Board and the Loan Program by insuring that all available funds are used to the greatest benefit of the citizens of the State of Mississippi. To the extent reasonably practical, this program has been structured to coordinate with other available funding programs within the State, particularly the Community Development Block Grant (CDBG), Appalachian Regional Commission (ARC) and Rural Utilities Service (RUS) programs, in order to make available the opportunity for joint funding of projects should communities desire such an arrangement. The coordination procedures for DWSIRLF projects funded jointly with the CDBG, ARC, and/or RUS program are found in Section III.

Long term goals include: In addition to maintaining a financially sound DWSIRLF in perpetuity, meeting a portion of the drinking water needs in the State within a reasonable period of time, and funding projects in order of public health importance as established by the Board, the Loan Program is pursuing the possibility of administering the program entirely under the umbrella of the Mississippi State Department of Health. In 1997, at the Drinking Water SRLF's inception with the Mississippi State Department of Health, MDEQ had 10 years experience in administering the Clean Water SRLF. It was decided that to contract with MDEQ to help with the program's administration would allow the people of Mississippi to receive program benefits more quickly. Their assistance did indeed allow the Drinking Water SRLF to operate as soon as possible; however, it was always the goal of MSDH to administer the program completely once personnel had been hired and trained. A carefully planned transition period while continuing to provide loans and fund technical assistance will be of utmost importance, if and when this occurs. Essential to achieving these goals is the determination of an interest rate and loan repayment term which will generate sufficient fund income to meet the State's needs within a reasonable period of time, but which is no more than private sector funding, so

as to bring public water systems to the program and insure use of all available funds. Toward this end, the Board intends to implement the program as further described in Section II. The long term priorities for funding are described in the Priority System in Section IV, which places first priority on projects that will bring existing drinking water facilities into compliance with national primary drinking water regulations and address the most serious risks to human health, as required by the federal Safe Drinking Water Act (SDWA). Other project categories will be funded in order of priority as established within the Priority System, and as available funds allow. All projects must be demonstrated to be technically, environmentally, financially and managerially sound through completion of a facilities plan, and its subsequent approval by the Mississippi Department of Environmental Quality (MDEQ) on behalf of the Mississippi State Department of Health (MSDH).

The basic framework under which the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Loan Program operates is established by two documents. The first document is the Drinking Water State Revolving Fund Loan Program Operating Agreement (Operating Agreement) between the Mississippi State Department of Health and the Environmental Protection Agency, Region IV. This Operating Agreement was agreed to by both parties and approved on August 10, 1998. The Operating Agreement establishes the basic framework of the DWSIRLF that is not expected to change from year to year. The second document is this Intended Use Plan (IUP) which includes a list of projects proposed for assistance, information on DWSIRLF activities to be supported, criteria and methods for disbursing DWSIRLF funds, and assurances. If anyone would like to receive a copy of either of these documents they should contact William F. Moody at (601) 576-7518 to request copies.

II. Information on DWSIRLF Activities to be Supported.

The Board has determined that the following will apply to the DWSIRLF loan program, subject to compliance with the DWSIRLF loan program regulations:

a. Eligible/allowable project costs will include those project costs that are eligible, reasonable, necessary, allocable to the project, within the established project scope and budget, in conformance with the DWSIRLF regulations and approved by the Department of Environmental Quality and MSDH.

b. DWSIRLF loans may not exceed $1,500,000 as established by State law.

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

d. All loan terms will be at 2.5% annual interest rate, compounded monthly, with a maximum 20-year, or less if requested by loan recipient, repayment period. The interest will not apply during the original construction period and will commence at the completion of the original construction period.

e. 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.

f. Refinancing of debt for allowable construction work performed prior to the date of the DWSIRLF loan award and for other allowable project costs incurred prior to loan award will be DWSIRLF loan eligible provided:

- The debt is for work under a construction contract for which the notice to proceed was issued on or after October 1, 2004, and the DWSIRLF loan is awarded by September 30, 2005

- The project is in compliance with all applicable DWSIRLF program regulations and obtains Department of Health or Department of Environmental Quality approval of all applicable documents prior to award of the DWSIRLF loan.

- The prospective loan recipient agrees that by pursuing such a refinancing arrangement, it proceeds at its own risk and relieves the Board, the Department of Health, the Department of Environmental Quality and the Departments' staff of all responsibility and liability should such costs later be determined unallowable for any reason or should such funding not become available for any reason.

- The prospective loan recipient agrees that by pursuing such a refinancing arrangement, no future commitment of funding a refinanced project is provided.

g. Revenues to pay for DWSIRLF program administration cost will be received from an administration fee of 5% of the original eligible loan amount that shall be charged to all FY-2005 loan recipients. This administration fee is an eligible DWSIRLF loan cost and will be included in each loan agreement. Should any loan for a certain project be terminated and later awarded again, the new administration fee will be based upon the current eligible loan amount in the new loan award, allowing credit for any previously paid administration fees. There is

currently $2,191,015.64 in this program administration fund and the Department expects to receive an additional $425,664 during the current year.

h. Project detail information for the FY-2005 DWSIRLF projects is shown in Section V of this Intended Use Plan (IUP).

i. The FY-2005 Priority List expires on September 30, 2005. Projects listed in the FY-2005 Priority List that do not receive funding by this date will not be funded under the FY-2005 funding cycle, and will be subject to the requirements of the FY-2006 or subsequent Intended Use Plans and Priority Lists.

III. Coordination Schedules with Other Funding Sources on Jointly Funded Drinking Water Projects.

A. Coordination of Drinking Water Systems Improvement Revolving Loan Fund Program and Community Development Block Grant (CDBG) Program on Jointly Funded Drinking Water Projects.

FY-2005 DWSIRLF and FY-2005 CDBG Construction Project Schedule*

09/01/04	Loan applicants submit the complete DWSIRLF facilities plan, prepared in accordance with DWSIRLF loan program regulations, to MDEQ. The plan must indicate 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 whether CDBG funds are received.
10/7-8/2004	CDBG program application workshops.
11/04	MDEQ send outs Draft DWSIRLF FY-2005 Intended Use Plan requesting public comments.
11/2004	MDEQ notifies Mississippi Development Authority (MDA) of loan applicants who have submitted facilities plans which indicate anticipated FY-2005 CDBG funding.
12/14/04	Deadline for a CDBG grant applicant to submit a water viability review form to MDA.
12/2004	CDBG public facilities applications, along with one copy of the DWSIRLF loan application with maps and appropriate attachments, will be accepted from 12/16/2004 until 4:00 p.m. on 12/17/04.
12/2004	Board adopts FY-2004 DWSIRLF Intended Use Plan, accounting for anticipated CDBG award amounts if identified in facilities plan.
1/2005	MDA provides notification to MDEQ that complete CDBG applications have been received.

1/2005	MDEQ notifies MDA of projects included on the final FY-2005 Priority List that anticipate receiving FY 2005 CDBG funds.
05/2004	MDA provides notification to MDEQ of which projects fall within the funding range for CDBG grants for construction contingent upon matching funds being in place. MSDH will not award a DWSIRLF loan until this notification from MDA is provided.
05/1/2005	Deadline for loan applicants to submit a completed DWSIRLF loan application to MDEQ for the total DWSIRLF eligible costs, less amount of anticipated CDBG award to be applied to the DWSIRLF costs. 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.
06/2005	MDEQ provides notification to MDA that complete DWSIRLF loan applications have been received.
8/1/2005	All approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval.
Upon Loan Award	MSDH copies MDA on the award letter.

* Subject to change due to the timing of federal appropriations or program changes.

B. Coordination of Drinking Water Systems Improvement Revolving Loan Fund Program and Appalachian Regional Commission (ARC) Grant Program on Jointly Funded Drinking Water Projects.

FY-2005 DWSIRLF and FY-2005 ARC Schedule*

07/21/2004	Mississippi Appalachian Regional Office (MARO) notifies potential applicants & local Planning & Development Districts of the 9/15/04 deadline for submitting complete applications for ARC grants.
08/2004	MARO notifies MS Department of Environmental Quality (MDEQ) of grant applicants who submitted applications for ARC grants which indicate anticipated FY-2005 DW SRF funding.
09/01/2004	Loan applicants submit complete DWSIRLF facilities plan to MDEQ. The plan must indicate 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 whether ARC funds are received.
9/15/2004	MARO accepts applications for ARC grants for FY-2005.
10/2004	MDEQ notifies MARO of loan applicants who have submitted complete facilities plans which indicate anticipated FY-2005 ARC funding.
11/2004	MDEQ sends out Draft DWSIRLF FY-2005 Intended Use Plan.
12/15/04	MARO presents draft funding plan to Governor & ARC Alternate for comments & approval.
12/2004	Board adopts FY-2005 DWSIRLF Intended Use Plan accounting for anticipated ARC award amounts if identified in facilities plan.
1/15/2005	MARO notifies local Planning & Development Districts of projects that have been selected for the P1 (fundable priority list). MARO will copy MDEQ on these notification letters if grantee has indicated that it is pursuing DWSIRLF loan funds for this project. MSDH will not award a DWSIRLF loan until this notification from MARO is provided.
1/05	MDEQ notifies MARO of projects included on final FY-2005 Priority List that anticipates receiving FY-2005 ARC funds.
01/31/05	MARO forwards ARC grant applications to ARC-Washington

Feb. – June, 2005	ARC-Washington starts the final funding approval process and awards ARC grants during the spring or summer of 2005.
05/1/05	Deadline for loan applicants to submit a completed DWSIRLF loan application to MDEQ for the total DWSIRLF eligible costs, less the amount of anticipated ARC award to be applied to DWSIRLF costs.
06/05	MDEQ provides notification to MARO that complete DWSIRLF loan applications have been received.
Upon Grant Award	MARO provides notification to MDEQ that ARC awards have been made.
8/01/05	All approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval.
Upon Loan Award	MSDH copies MARO on the award letter.
09/05	Loan applicants receive DWSIRLF loan awards from MDEQ. The amount of the loan will be the total DWSIRLF eligible cost less the ARC award amount to be applied to DWSIRLF eligible costs.

* Subject to change due to the timing of federal appropriations or program changes.

C. Coordination of Drinking Water Systems Improvements Revolving Fund Program and Rural Utilities Service (RUS) Grant and Loan Program on Jointly Funded Drinking Water Projects

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 bodies, 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 moneys.

Applications for RUS funds will be accepted at any time during the year, and involve an environmental review that includes public notifications and comment periods.

RUS projects are funded at any time during the year as long as funds are available. RUS funds are allocated by Congress in October of each year, and are usually spent as complete applications are received. Therefore, it is generally to the applicant's advantage to file applications earlier in the year.

To receive an application package or other information, contact Rural Utilities Service, 100 West Capitol Street, Suite 831, Jackson, MS 39269; telephone: (601) 965-5460; fax: (601) 965-4566.

FY-2005 DWSIRLF and FY-2005 RUS Construction Project Schedule*

09/01/04	Loan applicants submit complete DWSIRLF facilities plan to MDEQ. The plan must indicate 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 whether RUS funds are received.
10/04	MDEQ notifies U. S. Department of Agriculture, Rural Utilities Service (RUS) of loan applicants who have submitted facilities plans which indicate anticipated FY-2005 RUS funding
11/04	MDEQ sends out Draft DWSIRLF FY-2005 Intended Use Plan.
12/04	Board adopts FY-2005 DWSIRLF Intended Use Plan, accounting for anticipated RUS award amounts if identified in facilities plan.
1/05	MDEQ notifies RUS of projects included on the final FY-2005 Priority List that anticipate receiving RUS funds.
05/01/05	Deadline for loan applicants to submit complete DWSIRLF loan applications to MDEQ for the total DWSIRLF eligible costs, less amount of anticipated RUS award to be applied to DWSIRLF costs. If the loan recipient is pursuing a 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 a 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.
06/05	MDEQ provides notification to RUS that complete DWSIRLF loan applications have been received.
08/01/05	All approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval.

05 - 09/05	If loan applicant desires DWSIRLF loan award prior to RUS award, loan applicant must provide MDEQ with a copy of letter from RUS which states their project will be funded only contingent upon receipt of DWSIRLF matching funds. MDEQ will not award a DWSIRLF loan until this notification from RUS is provided.
Upon Loan Award	MSDH copies RUS on the award letter.

* Subject to change due to the timing of federal appropriations or program changes.

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IV.

FINAL
FISCAL YEAR - 2005 MISSISSIPPI DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM PRIORITY LIST

Category III: One Well Projects

Project	Project Description	Priority Points	Service Area Population	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
Lake Lorman Utility District	New Well for Backup	565.3	600	$ 0.46	$ 0.46

Category IV: Pressure Deficiencies Projects

Project	Project Description	Priority Points	Service Area Population	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
Bear Creek Water Assoc. – Proj. # 11.3	Storage, Distribution	6,205.6	22,500	$ 1.41	$ 1.87
City of Olive Branch – 05	Distribution Upgrades	6,132.3	21,054	$ 1.50	$ 3.37
Bear Creek Water Assoc. – Proj. # 11.4	Storage, Distribution	6,076.4	22,500	$ 1.44	$ 4.81
North Lauderdale Utility District	Storage	2,339.3	10,500	$ 1.50	$ 6.31
NTS Utility Assoc.	Distribution & Supply	1,358.6	3,615	$ 1.50	$ 7.81

FINAL
FISCAL YEAR - 2005 PRIORITY LIST - Cont.

Category VIII: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Priority Points	Service Area Population	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
City of Olive Branch – 08	Upgrade Fairhaven Water Plant	13,663.3	21,054	$ 0.70	$ 8.51
Bear Creek Water Assoc. – Proj. # 11.5	Well Replacement	8,838.4	22,500	$ 1.00	$ 9.51
City of Olive Branch – 07	Upgrade Caroma Street Water Plant	8,195.0	21,054	$ 1.10	$ 10.61
Hilldale Water District, Inc.	Supply	6,450.0	5,031	$ 0.27	$ 10.88
Lake Lorman Utility District	Storage	481.5	600	$ 0.54	$ 11.42

FISCAL YEAR - 2006 AND AFTER PLANNING LIST

(Projects included on the Planning List did not meet the September 1, 2004 deadline for submission of a complete facilities plan, or had multiple requests and asked to be placed on the Planning List. These projects have been ranked on the Planning List based on information provided on the Request for Ranking Form. A determination of project eligibility can not be completed until the facilities plan has been submitted and reviewed.)

Category II: Primary Drinking Water Standards Projects

Project	Project Description	Priority Points	Service Area Population	Possible Funding FY	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
Beaver Meadows Waterworks Assoc.	Supply	2,156.3	1,800	2006	$ 0.32	$ 0.32

Category III: One Well Projects

Project	Project Description	Priority Points	Service Area Population	Possible Funding FY	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
Mt. Comfort W A	Supply	1,371	3,819	2006	$ 0.17	$ 0.49
Town of Chunky	Supply	490.0	293	2006	$ 0.30	$ 0.79

FISCAL YEAR - 2006 AND AFTER PLANNING LIST – Cont.

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

Project	Project Description	Priority Points	Service Area Population	Possible Funding FY	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
Hillsdale Area Public Water Authority	Wells, Tank, and Distribution	1,211	27,525	2005	$ 1.50	$ 2.29
Saucier Utilities, Inc.	Distribution	326.9	1,131	2006	$ 0.26	$ 2.55

Category VII: Back-up Water Supply Sources Projects

Project	Project Description	Priority Points	Service Area Population	Possible Funding FY	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
City of Ocean Springs	Well and Distribution	5,431	19,000	2006	$ 1.40	$ 3.95
Greenfield Water Assoc.	Supply	1,770.8	2,550	2006	$ 0.48	$ 4.43
West Jackson County Utility District	Well, Tank, and Distribution	167	7,500	2006	$ 1.50	$ 5.93

FISCAL YEAR - 2006 AND AFTER PLANNING LIST – Cont.
Category VIII: Existing Facilities Upgrade (Meeting Primary Standards)

Project	Project Description	Priority Points	Service Area Population	Possible Funding FY	Loan Amount Requested (Millions)	Statewide Cum. $ (Millions)
City of Morton	Tank Rehabilitation	18846	3,482	2006	$ 0.12	$ 6.05
Fisher Ferry Water District	Distribution System Maintenance Building	10358	6,000	2006	$ 0.16	$ 6.21
City of Ocean Springs	Rehabilitation of Existing Watermains	7,591	19,000	2006	$ 1.00	$ 7.21
Hilldale Water District	Supply	6,450.0	5,031	2006	$ 0.27	$ 7.48
Hilldale Water District	Supply	6,450.0	5,031	2007	$ 0.27	$ 7.75
City of Ocean Springs	Water Meter Replacement	5,000	19,000	2006	$ 1.50	$ 9.25
Town of Lyon	Distribution Repairs	3,427.7	418	2006	$ 0.08	$ 9.33
ACL Water Association	Elevated Tank	2,976	3,150	2006	$ 0.34	$ 9.67
Wheeler Frankstown Water Association	Supply, Storage, Treatment	1,554.0	4,500	2006	$ 1.01	$ 10.68
Magnolia Rural Water Association	Supply, Storage, Treatment	1,195.9	2,913	2006	$ 1.35	$ 12.03
SE Rankin Water Association	Elevated Tank and Well	1,047	5,200	2006	$ 0.86	$ 12.89

Abbreviations

Assoc.	-	Association
Cum	-	Cumulative
Dist.	-	Drinking water distribution lines
Improv	-	Improvements
MS	-	Mississippi
Proj. #	-	Project Number
Rehab	-	Rehabilitation of existing facilities for the purpose of extending its useful life.
Storage	-	Includes elevated, standpipe and ground finished water storage tanks.
Supply	-	Drinking water well
Trt	-	Treatment facility

Drinking Water Systems Improvements
Revolving Loan Fund
Priority System

A. Program Funding and Ranking Rationale

1. 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 priority list, but rather will be placed on the planning list. It is the Board's judgment as to whether the project can be ready to proceed. Loans will be awarded for projects within the available funds in the following order:

   (1) Projects above the funding line on the current year priority list that have met all Priority System deadlines will be funded when they are ready to proceed.

   (2) Should any project on the FY-2005 Priority List shown above the funding line fail to comply with the deadlines in Section D., the project shall be bypassed and the funds reserved for said project will be released and first be made available to ensure that all projects above the funding line meeting priority system deadlines are funded, and then will be made available to the highest ranking project(s) shown below the funding line that is ready for loan award at the time funds become available. If no projects below the funding line are ready for loan award at the time funds become available, projects shown below the funding line will be funded on a first-come, first-served basis as they become ready for loan award and until the released funds are awarded. This same process will continue as each deadline passes and released funds become available.

2. Loan Decreases

   Any funds recovered from loan decreases during the year will be used to fund bid overruns if funds from the loan increase reserve are not sufficient to cover the bid overruns, 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 then will be used to fund other loans and/or increases on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards ready to proceed on a first-come, first-served basis.

3. DWSIRLF Loans to Match EPA Special Appropriation Grants (SPAPs)

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

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

B. Priority System Categories

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

1. Category I - Previous Year Certified Projects

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

2. Category II - Primary Drinking Water Standards

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

3. Category III.- One Well

Projects to provide additional supply to systems that have neither a backup well nor an emergency tie-in, that is MSDH approved, to another system to ensure safe drinking water, and thereby protecting the health of the existing population.

4. Category IV - Pressure Deficiencies

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

5. Category V – Source Water Protection Projects

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

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

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

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

7. Category VII - Back-up Water Supply Sources Projects

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

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

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

9. Category IX - Secondary Drinking Water Standards Projects

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

10. Category X - Consolidation Projects

Projects to consolidate separate systems into a single system for purposes other than included in 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 B.

11. Category XI – Other

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

C. Priority Ranking Criteria

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

1. Benefit/Cost

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

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

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

2. Affordability Factor

An affordability factor will be assigned to each project to reflect the relative needs of applicants on a per household basis. The Benefit/Cost points calculated in Section B.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 2003 median household income for the State of Mississippi ($33,792) to the 2003 median household income for the affected community and will be no less than 1.0 and no greater than 1.5. Median household incomes to be used in the calculations will be those displayed in the publication "The Sourcebook of Zip Code Demographics", Seventeenth Edition. 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 Benefit/Cost points assigned to the project. The purpose of assigning consolidation points is to promote reliability, efficiency and economy of scale that can be achieved with larger water systems while discouraging the proliferation of numerous separate small systems with their inherent inefficiencies and limitations.

Projects, in any priority category, that do not include consolidation will receive zero consolidation points in the final calculation of total priority points.

Consolidation Points = 0.5 x (Benefit/Cost Points)

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 Benefit/Cost points assigned to the project. Documentation of the system capacity analysis and recommendations to address the design capacity issues must be addressed in the facilities plan to be eligible for these additional priority points.

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

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

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

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

Assistance Points = __*__ x Benefit/Costs Points

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

6. Participation in the EPA 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 Benefit/Cost Points.

Needs Survey Points = 0.10 x Benefit/Costs Points

7. Ranking Within Each Category

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

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

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

5. Small Community Set-Aside

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

It is anticipated that approximately 15.2% of all available DWSIRLF funds will be awarded to small communities with populations of 5,000 or less in FY-2005. No small communities were left off the fundable portion of the FY-05 Priority List that met the September 1, 2004 deadline for submitting a complete facilities plan.

Results To Date: Through the first eight years of the DWSIRLF program (FY-97 through FY-04) the program is averaging 25.4% of all available funds being awarded to small communities (population less than 10,000 as defined in the Safe Drinking Water Act). During this same eight year period, 44.4% of all funds awarded went to small communities (population less than 10,000). In FY-04 twenty-eight (28%) percent of all available DWSIRLF funds were awarded to small communities with populations less than 10,000.

D. **Priority System Deadlines**

1. By September 1, 2004, the loan applicant must submit the complete DWSIRLF facilities plan, prepared in accordance with the DWSIRLF loan program regulations, to the Department of Environmental Quality. A complete DWSIRLF

facilities plan includes: all IGR agency comments; proof of publication of advertisement for public hearing; a transcript of the public hearing comments; copies of any comments received from the public; and a summary of how each comment was addressed. The loan applicant should also submit one copy of the facilities plan to the Rural Utilities Service if the loan applicant has existing debt with Rural Utilities Service, along with a request for their approval to incur this additional debt.

Any significant changes made to the facilities plan (i.e., changes in the chosen alternative, location of the facility, cost increases that substantially affect the financial capability of the loan recipient, etc.) after this date will be considered a first submittal of the facilities plan. The loan applicant will then be considered to be in violation of the Priority System deadline and the project will be placed on the planning portion of the priority list, or if the change is made after adoption of the Intended Use Plan, funds reserved for this project may be released and made available to other projects. This deadline also applies to all projects competing for released funds during FY-05 and to be able to qualify for the Previous Year Certified Projects Category in the FY-06 IUP.

2. By May 1, 2005, a completed DWSIRLF loan application and all associated documents as described in the DWSIRLF regulations must be submitted to the Department of Environmental Quality. Prior to beginning these documents the potential applicant and/or its registered engineer must request and receive a DWSIRLF application and guidance, and should attend a pre-application conference with Department staff as early in the application process as practical. This deadline also applies to all projects competing for released funds during FY-05 and to be able to qualify for the Previous Year Certified Projects Category in the FY-06 IUP.

3. By August 1, 2005, all approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval. This deadline also applies to all projects competing for released funds during FY-05 and to be able to qualify for the Previous Year Certified Projects Category in the FY-06 IUP.

V. **FISCAL YEAR - 2005 Drinking Water Improvements SRF Project Detail Information**

			Project Schedule			Project Assistance					Technical Information		
FY-2005 Projects	No.	Population of Service Area	BCD	CSD	CCD	Type Assist.	Assist. Amount	Interest Rate	Repay Period	Initial Repay Date	Project Category+	Priority Ranking	Cross-Cutter Equivalency Project
Lake Lorman Utility Dist.	2005-01	489	9/30/05	4/1/06	12/26/06	Loan	$ 0.46 M	2.5%	20 yrs	3/07	3	565.3	Yes
Bear Creek Water Assoc. – Proj. # 11.3	2005-02	22,500	9/30/05	10/30/06	7/27/07	Loan	$ 1.41 M	2.5%	20 yrs	11/07	4	6,205.6	Yes
City of Olive Branch - 05	2005-03	21,054	9/30/05	4/1/06	1/15/07	Loan	$ 1.50 M	2.5%	20 yrs	4/07	4	6,132.3	Yes
Bear Creek Water Assoc. – Proj. # 11.4	2005-04	22,500	9/30/05	10/30/06	7/27/07	Loan	$ 1.44 M	2.5%	20 yrs	11/07	4	6,076.4	Yes
North Lauderdale Utility District	2005-05	10,500	9/30/05	5/1/06	2/1/07	Loan	$ 1.50 M	2.5%	20 yrs	5/07	4	2,339.3	Yes
NTS Utility Assoc.	2005-06	4,615	9/30/05	6/1/06	6/1/07	Loan	$ 1.50 M	2.5%	20 yrs	9/07	4	1,358.6	Yes
City of Olive Branch - 08	2005-07	21,054	9/30/05	4/1/06	1/15/07	Loan	$ 0.70 M	2.5%	20 yrs	04/07	8	13,663.3	Yes
Bear Creek Water Assoc. – Proj. # 11.5	2005-08	22,500	9/30/05	10/30/06	8/26/07	Loan	$ 1.00 M	2.5%	20 yrs	12/07	8	8,838.4	Yes
City of Olive Branch - 07	2005-09	21,054	6/30/05	1/1/06	1/1/07	Loan	$ 1.10 M	2.5%	20 yrs	4/07	8	8,195.0	Yes
Hilldale Water District	2005-10	5,031	9/30/05	4/1/06	10/1/06	Loan	$ 0.27 M	2.5%	20 yrs	1/07	8	6,450.0	Yes
Lake Lorman Utility Dist.	2005-11	489	9/30/05	4/1/06	12/26/06	Loan	$ 0.54 M	2.5%	20 yrs	3/07	8	481.5	Yes
State Program Mgmt.	2005-12	N/A	N/A	N/A	N/A	Grant	$ 0.83 M†	N/A	N/A	N/A	N/A	N/A	Yes
Small System Technical Assistance Set-aside	2005-13	N/A	N/A	N/A	N/A	Grant	$ 0.16 M†	N/A	N/A	N/A	N/A	N/A	Yes
Administrative Program	2005-14	N/A	N/A	N/A	N/A	Grant	$ 0.33 M†	N/A	N/A	N/A	N/A	N/A	Yes
Totals							$ 12.74 M						

Notes:
- All of the above loan projects will require an environmental review in accordance with the State DWSIRLF regulations.
- These loan amounts include a 5% administrative fee charged to all FY-2005 loan recipients.

+ = Project categories are defined in the Priority System on page 15 of this Intended Use Plan.

* BCD = Binding Commitment Date

* CSD = Construction Start Date

* CCD = Construction Completion Date

† = The funds for these grants were set-aside from the FY-05 Capitalization grant before funds were made available for new loan awards.

VI. FY-2005 Assumed Available Funds

A. Mississippi DWISRF Federal Allotment & Total Available Funds

The assumed federal allotment and other available funds are shown in Appendix A. Should more or less than these assumed funds be available projects will be funded as described in Section A of the Priority System.

B. State Match Funds .

The State receives its 20% state match from the sale of General Obligation Bonds authorized by the State Legislature. The Legislature passed House Bill No. 209 to establish a Local Governments and Rural Water Systems Improvements Revolving Loan Program and authorized the sale of $15,000,000 in General Obligation Bonds to be deposited into the Loan Fund. One of the purposes stated in the law for these funds is that, "All or any portion of the monies in the fund may be used to match any federal funds that are available for the same or related purposes for which funds are used and expended under this act." $10,000,000 of these General Obligation bonds were sold in May of 1997 and were deposited into the DWSIRLF fund on May 29, 1997. $5,000,000 of these General Obligation bonds were sold and deposited into the DWSIRLF fund on October 5, 2000. $3,294,840 was used as state match for the FY-97 Cap grant, $1,654,340 was used as match for the FY-98 Cap grant, $1,733,900 was used as match for the FY-99 Cap grant, $1,802,020 was used as match for the FY-2000 Cap grant, $1,809,480 was used as match for the FY-2001 cap grant, $1,610,500 was used as match for the FY-2002 cap grant, $1,600,820 was used as match for the FY-2003 cap grant, and the remaining $1,494,100 was used as match for $7,470,500 of the FY-2004 cap grant. During the Spring 2003 Legislative Session, the Legislature provided the Board with an additional $130,000 in bonding authority. These bonds were sold during the fall of 2004, and after bond issuance cost of $224 were deducted, the net proceeds of $129,776 were deposited into the SRF Fund during the 1st Quarter of FY-2005. This $129,776 will be used as match for $648,880 of the FY-2004 cap grant. During the Spring 2004 legislative session the Legislature authorized $1,613,000 in general obligation bonds. These bonds were sold during the fall of 2004, and after bond issuance cost of $2,776 were deducted, the net proceeds of $1,610,524 were deposited into the SRF Fund during the 1st Quarter of FY-05. $36,744 of these bond proceeds will be used to finish matching the FY-2004 cap grant, and the remaining $1,573,780 will be used as match for $7,868,900 of the FY-2005 cap grant. During the Spring 2005~~6~~ legislative session, the Legislature is expected to consider providing bonding authority to provide the remaining state match funds of ~~$82,840~~ $83,320 for the remaining ~~$414,200~~ $416,600 of the FY-05 SRF Capitalization Grant. If the State Legislature provides such bond authority, it is expected that the bond proceeds will be deposited into the DWSIRLF in the 2nd ~~1st~~ quarter of FFY-06~~7~~..

C. Loan Increase Reserve

Beginning in FY-03 the Board began to make loan awards after approval of the facilities plans and loan application rather than after completion of design. This change in the loan award sequence increases the likelihood that bid overruns on some projects may be greater than the construction contingency included in the loan agreement. In order to provide needed loan increases to existing loans, the Board intends to set aside the amounts indicated in Appendix A for such loan increases to be awarded on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards to the highest ranking project(s) that is ready for loan award at the time funds become available.

D. Status of Prior Year Grant Awards

All funds from previous year grant awards, except for $832,600 of the FY-04 Cap grant, are obligated at the present time. The State did not have the state match available to fund these federal dollars during FY-04. The state match will be available in FY-05 and these federal funds will be obligated before the end of the current fiscal year.

VII. DWSIRLF 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. The Board intends that the Department of Health apply for the entire State allotment under the federal Drinking Water SRF, including the set-asides described in Section VIII. below. The Board has deposited the proceeds from the sale of $15 million in general obligation bonds into the DWSIRLF fund to be "banked" as State Match for federal DWSRF capitalization grants, and has made this entire amount immediately available for DWSIRLF loans. It is the Board's intention to adjust interest rates such that the demand will eventually equal the funds available. The Board intends to set the interest rate for all loans made during FY-2005 at 2.5%.

In order to insure that this interest rate is at or below the prevailing market rates at the time a loan is made, this rate will be compared to the twenty year triple-A rated, tax-exempt insured revenue bond yield published by The Bond Market Association/Bloomberg (Bloomberg Online, http://www.bloomberg.com/markets/psamuni.html).

Investment Procedures for Excess Cash - According to the State Treasurer, the excess cash in the DWSIRLF is invested by the State Treasurer in securities prescribed in Section 27-105-33, et. Seq., of the Mississippi Code of 1972 Annotated, as amended. The securities in which State funds may be invested include certificates of deposit with

qualified State depositories, repurchase agreements (fully secured by direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations), direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations, and any other open-ended or closed-ended management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et.seq, provided that the portfolio is limited to direct obligations issued by the United States of America, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations and to repurchase agreements fully collateralized by the securities listed above for repurchase agreements.

VIII. State Set-asides

No funds shall be expended from the monies proposed to be set aside without a vote by the Board and approval of any applicable contracts for the purposes stated below.

Section 1452 of the Safe Drinking Water Act Amendments of 1996 allows the State to set-aside portions of the federal Capitalization Grant to the State for various purposes. The Board took each of these set-asides under consideration and took the following actions regarding set-asides:

1. DWSIRLF Administrative Expenses – At this time the Board wishes to set aside funds from its FY-2005 Capitalization Grant for DWSIRLF administrative expenses to cover the cost of administering the DWSIRLF program. The Board intends to set aside the allowed 4% for administrative purposes as allowed by the SDWA.

2. State Program Management – The Board intends to take the full 10% set aside for State Program Management from the State's FY-2005 Capitalization Grant as authorized by Section 1452(g)(2) of the Safe Drinking Water Act of 1996 to be used for Public Water System Supervision (PWSS) activities conducted under Section 1443(a) of the act. These activities are described in more detail in the State of Mississippi State Program Management Set Aside Annual Work Plan included as Appendix E to this Intended Use Plan. The State must provide a dollar for dollar match (100% match) for Capitalization Grant funds used for these activities. This match is separate, and in addition to, the twenty (20%) percent State match required for the Capitalization Grant. The State is allowed to offset the 100% match requirement by claiming credit for State FY-2005 PWSS expenditures that exceed the State's FY-2005 PWSS match requirement. The State is further allowed to use State FY-93 PWSS expenditures to offset the 100% match requirement as long as this amount does not exceed the amount that can be claimed from FY-2005 State expenditures. A tabulation showing amount and source of funds to satisfy match requirements for the FY-2005 State Program Management set aside is furnished as Appendix G to this Intended Use Plan.

3. Small Systems Technical Assistance - The Board intends to set aside two (2%) percent of its FY-2005 Capitalization Grant to provide technical assistance to public water systems serving under 10,000 population. The Board intends to use this two (2%) percent set-aside to fund contracts for the following activities: Special Assistance to Referred Systems; Management Training for Water System Officials; On-Site Technical Assistance and Volunteer System Review Program; and Remedial Accounting Training. Each of these activities are described in detail in the State of Mississippi Small Systems Technical Assistance Set-Aside Work Plan included as Appendix D to this Intended Use Plan.

4. Source Water Protection Area Delineation & Assessment – No new funds are available in the FY-2005 Capitalization grant for this set aside. The Board did however, set aside 10% of the FY-97 Capitalization grant for the Source Water Delineation & Assessment program. The Board contracted with the Mississippi Department of Environmental Quality (MDEQ) to assist in developing the Source Water Assessment Program (SWAP). The SWAP efforts initially focused on developing an effective approach to address the mandates of the new program including the required public participation component.

   During FY-04, MDEQ focused its efforts on achieving two principal objectives: (1) completed negotiations with the Tennessee Valley Authority to perform the SWAP on the three (3) public surface water systems in the state, and (2) completed the assessments for the public water systems in seventeen counties. Specific SWAP-related accomplishments realized during FY-04 include the following:

   (1) Thus far SWAPs have been completed for the community water systems in all eighty-two (82) counties and the assessment reports and maps have been mailed out to the systems.

   (2) Staff has worked with the Office of Land and Water Resources to include a new provision in the proposed *Surface Water and Ground Water Use and Protection Regulations* to require a preliminary susceptibility assessment be performed prior to permit issuance for public water system wells.

   (3) A new SWAP database was completed and will help meet the SWAP requirements.

   (4) The MDEQ entered into a task order with the Tennessee Valley Authority (TVA) for completing the SWAP for the three (3) public surface water systems in the State. All three surface water/source water areas have been completed.

5. Disadvantaged Communities Set-aside - The Board does not intend to implement a disadvantaged communities program at the present time.

IX. Proposed Payment (Federal Letter of Credit {LOC}) Schedule For FY-2004 Cap. Grant:

Payment (LOC) Number	Payment (LOC) Date	Payment (LOC) Amount	Cumulative (LOC) Amount
FY-2005 No. 1 of 7	~~34~~Q FY-2005	$ 7,868,900	$ 7,868,900
FY-2005 No. 2 of 7	1Q FY-2006	$ 0	$ 7,868,900
FY-2005 No. 3 of 7	2Q FY-2006	$ 0	$ 7,868,900
FY-2005 No. 4 of 7	3Q FY-2006	$ 0	$ 7,868,900
FY-2005 No. 5 of 7	4Q FY-2006	$ 0	$ 7,868,900
FY-2005 No. 6 of 7	1Q FY-2007	$ 0	$ 7,868,900
FY-2005 No. 7 of 7	2Q FY-2007	$ 416,600	$ 8,285,500

X. Projected Schedule of Drawdowns Against Federal Letter of Credit for FY-2005 Cap. Grant (Outlays): (See Appendix B)

Outlay Quarter	Federal Outlay Amount	Cumulative Outlay Amount
4Q FY-05	$ 360,000	$ 360,000
1Q FY-06	$ 375,710	$ 735,710
2Q FY-06	$ 510,000	$ 1,245,710
3Q FY-06	$ 1,019,970	$ 2,265,680
4Q FY-06	$ 1,580,000	$ 3,845,680
1Q FY-07	$ 1,760,000	$ 5,605,680
2Q FY-07	$ 2,120,000	$ 7,725,680
3Q FY-07	$ 193,220	$ 7,918,900

4Q FY-07	$ 0	$ 7,918,900
1Q FY-08	$ 60,000	$ 7,978,900
2Q FY-08	$ 90,000	$ 8,068,900
3Q FY-08	$ 90,000	$ 8,158,900
4Q FY-08	$ 126,600	$ 8,285,500

XI. Certifications

In addition to the nine (9) assurances included below, the State acknowledges that there are six (6) additional assurances that the State has agreed to in either the Operating Agreement between the State and EPA Region IV or the annual capitalization grants. These two documents are hereby incorporated into this IUP by reference

1. The State certifies that all drinking water facility projects in this Intended Use Plan identified in Section IV 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 or biennial report to the Regional Administrator on the actual uses of the funds and how the State has met the goals and objectives for the previous two fiscal years as identified in the IUP's; and to annually have conducted an independent audit of the funds to be conducted in accordance with generally accepted government accounting standards.

3. The State certifies that this Intended Use Plan has been subjected to public review and comment prior to final submission to EPA. The State certifies that it will follow the "Mississippi Administrative Procedures Law" in seeking public review and comments on this Intended Use Plan. A copy of the "Mississippi Administrative Procedures Law" is included as Appendix C to this Intended Use Plan.

   A public hearing was held at 9:00 a.m. on Tuesday, December 7, 2004 to receive written and oral comments on this Intended Use Plan. A transcript of the public hearing recording the comments and recommended solutions will be submitted to EPA along with the Final Intended Use Plan. If anyone would like to receive a copy of the public hearing transcript they should contact William F. Moody, P.E. at (601) 576-7653 to request copies.

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

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

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

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

8. The State certifies that prior to adding any new projects to the FY-2006 and After Planning List for the purpose of funding such a project during FY-2005, that the State will follow the "Mississippi Administrative Procedures Law" in amending this Intended Use Plan in order to allow for public review and comments.

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

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

XII. Expected Public Health Protection Outcomes and Performance Measures

The objective of this program is to disperse all loan and grant funds available in a timely manner in order to achieve the public health protection benefits resulting from the projects identified in the FY-05 Intended Use Plan, and to ensure compliance with loan agreements, as required by state and federal laws and regulations.

By implementing this FY-05 Intended Use Plan and funding projects shown on the FY-05 Priority List (Section IV) the Local Governments and Rural Water Systems Improvements Board (Board) will have the means to plan for and fund projects that will address the most serious public health risks facing the public water supply systems in the state. The public health protection outcome of funding these projects will be: to provide additional supply to one (1) water system that has neither a backup well nor an emergency tie-in, and thereby protecting the health of the existing population; the elimination of pressure problems in five (5) public water systems, thereby minimizing the risk of system contamination which is one of the most serious water related threats to public health in Mississippi; and the funding of five (5) projects to rehabilitate, replace or upgrade deteriorated, worn, aged or obsolete equipment, facilities to assure continued, dependable operation of these water systems in order to protect human health. The success of Drinking Water Improvements SRF Loan Program will be defined by the ability of the MSDH to successfully meet commitments in the FY-05 DWSRF Work Plan.

Appendix A

State of Mississippi DWSIRLF Program
FY-2005 Assumed Available Funds

The following breakdown of funds is based on an actual appropriation of $842,945,000 after applying the 0.83% rescission, that the National Set-Aside Assumptions will remain the same, and a State allotment formula of 1.0% for the Drinking Water SRF in federal FY-2005.

FY-2005 National Title I DWSRF Appropriation		$842,945,000
(=)	Mississippi Allotment [section 1452(m)]	$ 8,285,500*
(-)	DWSRF Administrative Expenses [section 1452(g)(2) - 4%]	$ 331,420
(-)	State Program Management [section 1452(g)(2)]	$ 828,550
(-)	Small Systems Technical Assistance [section 1452(g)(2) - 2%]	$ 165,710
(-)	Local Assistance & Other State Programs	$ 0
(+/-)	Receipt or Transfer of Funds to Clean Water SRF Loan Fund (Section 302)	$ 0
(=)	Total FY-05 Federal Funds Available for DWSIRLF Loans	$ 6,959,820
	FY-05 State Match Required (20% of Mississippi Allotment)	$ 1,657,100
(-)	Bond Proceeds Available for State Match[1]	$ 1,573,780
(=)	State Match (Bond Proceeds) Not Available Until 2nd ~~1st~~ Quarter FY-06~~7~~	$ 83,320
	Total State Match Available in FY-2005	$ 1,573,780
(+)	FY-05 Mississippi Allotment Matched With State Match Available in FY-05	$ 7,868,900
(=)	Total FY-05 Cap Grant & State Match Available[2]	$ 9,442,680
(-)	State Program Management, Small Systems Technical Assistance & Administrative Set-Asides	$ 1, 325,680
(=)	Total FY-05 Cap Grant & State Match Funds Available for Loan Obligation During FY-05	$ 8,117,000
(+)	FY-04 Capitalization Grant + State Match Not Available for Obligation Until FY-05	$ 999,120
(+)	Unobligated Funds Carried Over from FY-04[3]	$ 3,627,721
(+)	Anticipated SRF Loan Repayments From 10/04 thru 07/05	$ 4,086,337
(+)	Anticipated Interest Earnings on State Match From 10/04 thru 07/05	$ 175,000
(-)	Loan Increase Reserve[3]	$ 500,000
(=)	Total FY-05 Funds Available for New Loan Awards	$ 16,505,178
(-)	Total FY-05 Funds Needed For All Projects Meeting 9/01/04 Deadline	$ 11,420,000
(=)	Excess Funds Available For New Projects in FY-05	$ 5,085,178

* MSDH intends to apply for the entire Cap grant during FY-05. Some of the match funds for this Cap grant are expected to be provided after the end of FY-05, however the Board

will only obligate those federal funds that can be matched with bond proceeds available during FY-2005. The Board intends to provide the required state match for the remainder of the FY-05 Cap grant during FY-06~~7~~ and will obligate all of the FY-05 Cap grant funds within the eight (8) quarters allowed by federal regulations.

[1] See Section VI.B – State Match Funds on page 23 of this IUP.

[2] FY-05 Cap Grant & Match Funds not available for loan obligation during FY-05 is $499,920.

[3] See page 32.

[4] See Section VI.C on page 24 of this IUP.

Appendix A

State of Mississippi DWSIRLF Program
FY-2004 End of Year Funds Report

The following breakdown of funds is based on an actual FY-2004 appropriation of $844,985,000 after applying the 0.59% rescission and a State allotment formula of 1.0% for the Drinking Water SRF in federal FY-2004.

FY-2004 National Title I DWSRF Appropriation		$844,985,000
(=)	Mississippi Allotment [section 1452(m)]	$ 8,303,100
(-)	DWSRF Administrative Expenses [section 1452(g)(2) - 4%]	$ 0
(-)	State Program Management [section 1452(g)(2)]	$ 830,310
(-)	Small Systems Technical Assistance [section 1452(g)(2) - 2%]	$ 166,062
(-)	Local Assistance & Other State Programs	$ 0
(+/-)	Receipt or Transfer of Funds to Clean Water SRF Loan Fund (Section 302)	$ 0
(=)	Total FY-04 Federal Funds Available for DWSIRLF Loans	$ 7,306,728*
(+)	FY-04 State Match Required (20% of Mississippi Allotment)	$ 1,660,620
(-)	Bond Proceeds Available for State Match[1]	$ 1,494,100
(=)	State Match (Bond Proceeds) Not Available Until 1st Quarter FY-05[2]	$ 166,520
	Total State Match Available in FY-2004	$ 1,494,100
(+)	FY-04 Mississippi Allotment Matched With State Match Available in FY-04	$ 7,470,500
(=)	Total FY-04 Cap Grant & State Match Available	$ 8,964,600
(-)	State Program Management & Small Systems Technical Assistance Set-Asides	$ 996,372
(=)	Total FY-04 Cap Grant & State Match Funds Available for Loan Obligation During FY-04	$ 7,968,228
(-)	Previously Deposited State Match Obligated to Loans Prior to FY-04	- $ 750,471
(+)	Unobligated FY-03 Funds Carried Over to FY-04	$ 743,629
(-)	Unobligated FY-03 Funds Carried Over and Already Included in $1,494,100 State Match above	-$ 743,629
(+)	Unobligated State Program Management Set-Aside Funds From the FY-97 Cap Grant	$ 219,826
(+)	Loan Repayments Deposited (10/01/03 - 09/30/04)	$ 5,228,781
(+)	Interest on Fund Deposited (10/01/03 – 9/30/04)	$ 173,422
(+)	Loan Decrease Amendments From (10/01/03 – 9/30/04)	$ 1,725,679
(-)	Loan Increase Amendments From (10/1/03 – 9/30/04)(Unreserved Funds)	$ 436,175
(-)	Loan Increase Amendments From (10/1/03 – 9/30/04)(Reserved Funds)	$ 368,987
(-)	Remaining Loan Increase Reserve[4]	$ 0
(=)	Total FY-04 Funds Available for New Loan Awards)	$ 13,760,303

(-)	New Loans Awarded as of 9/30/04	$ 10,132,582
(=)	Projected FY-04 Funds Available for Carry-Over to FY-05	$ 3,627,721

* MSDH has applied for the entire cap grant during FY-04. Some of the match funds for this cap grant are expected to be provided after the end of FY-04, however the Board will only obligate those federal funds that can be matched with bond proceeds available during FY-2004. The Board intends to provide the required state match for the remainder of the FY-04 Cap Grant during FY-05 and will obligate all the FY-04 cap grant within the eight (8) quarters allowed by federal regulations.

1 During the Spring '95 Legislative Session, the Legislature passed House Bill No. 209 to establish a Local Governments and Rural Water Systems Improvements Revolving Loan Program and authorized the sale of $15,000,000 in General Obligation Bonds to be deposited into the Loan Fund. One of the purposes stated in the law for these funds is that, "All or any portion of the monies in the fund may be used to match any federal funds that are available for the same or related purposes for which funds are used and expended under this act." $10,000,000 of these General Obligation bonds were sold in May of 1997 and were deposited into the DWSIRLF fund on May 29, 1997. $5,000,000 of these General Obligation bonds were sold and deposited into the DWSIRLF fund on October 5, 2000. $3,294,840 was used as state match for the FY-97 Cap grant, $1,654,340 was used as match for the FY-98 Cap grant, $1,733,900 was used as match for the FY-99 Cap grant, $1,802,020 was used as match for the FY-2000 Cap grant, $1,809,480 was used as match for the FY-2001 cap grant, $1,610,500 was used as match for the FY-2002 cap grant, and $1,600,820 was used as match for the FY-2003 cap grant, the remaining $1,494,100 will be used as match for $7,470,500 of the FY-2004 cap grant. During the Spring '03 Legislative Session, the Legislature provided the Board with an additional $130,000 bonding authority. These bonds are expected to be sold in the fall of 2004, and after assumed bond issuance costs of 5% are deducted, the estimated net proceeds of $123,500 are expected to be deposited into the SRF Fund during the 1st Quarter of FY-2005. This $123,500 will be used as match for $617,500 of the FY-2004 Cap grant. During the Spring 2004 legislative session the Legislature authorized $1,613,300 in general obligation bonds. These bonds are expected to be sold during the fall of 2004, and after assumed bond issuance costs of 5% are deducted, the estimated net proceeds of $1,532,350 are expected to be deposited into the SRF Fund during the 1st Quarter of FY-2005. $43,020 of these bonds will be used to finish matching the FY-04 capitalization grant, leaving $1,489,330 in excess state match in the fund.

2 FY-04 Cap Grant & State Match Funds not available for loan obligation during FY-04, but will be available 1Q FY-05, is $999,120. ($166,520 State Match $ + $832,600 federal $)

3 See Section VI.C on page 25 of the FY-2004 IUP.

Appendix B
I. Projected Schedule of Outlays for Projects ($ Millions)

Projects	3Q FY-05	4Q FY-05	1Q FY-06	2Q FY-06	3Q FY-06	4Q FY-06	1Q FY-07	2Q FY-07	3Q FY-07	4Q FY-07	1Q FY-08	2Q FY-08	3Q FY-08	4Q FY-08	1Q FY-09	Totals In $ Mil
Lake Lorman Utility District[1]	$0.00	$0.00	$0.00	$0.10	$0.05	$0.17	$0.26	$0.29	$0.13	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 1.00 M
Bear Creek Water Assoc. – Project # 11.3	$0.00	$0.00	$0.11	$0.00	$0.00	$0.05	$0.14	$0.42	$0.42	$0.27	$0.00	$0.00	$0.00	$0.00	$0.00	$ 1.41 M
City of Olive Branch – 05	$0.00	$0.00	$0.12	$0.04	$0.27	$0.40	$0.40	$0.27	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 1.50 M
Bear Creek Water Assoc. – Project # 11.4	$0.00	$0.00	$0.11	$0.00	$0.00	$0.05	$0.14	$0.43	$0.43	$0.28	$0.00	$0.00	$0.00	$0.00	$0.00	$ 1.44 M
North Lauderdale Utility District	$0.00	$0.00	$0.12	$0.05	$0.13	$0.40	$0.40	$0.40	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 1.50 M
NTS Utility Assoc.	$0.00	$0.00	$0.12	$0.05	$0.00	$0.31	$0.30	$0.31	$0.30	$0.11	$0.00	$0.00	$0.00	$0.00	$0.00	$ 1.50 M
City of Olive Branch – 08	$0.00	$0.00	$0.05	$0.02	$0.13	$0.19	$0.19	$0.12	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 0.70 M
Bear Creek Water Assoc. – Project # 11.5	$0.00	$0.00	$0.09	$0.00	$0.00	$0.04	$0.08	$0.24	$0.24	$0.24	$0.07	$0.00	$0.00	$0.00	$0.00	$ 1.0 M
City of Olive Branch – 07	$0.00	$0.08	$0.03	$0.15	$0.23	$0.23	$0.23	$0.15	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 1.10 M
Hilldale Water District	$0.00	$0.00	$0.02	$0.01	$0.08	$0.12	$0.04	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 0.27 M
Total FY-05 Projects	$0.00	$0.08	$0.77	$0.42	$0.89	$1.96	$2.18	$2.63	$1.52	$0.90	$0.07	$0.00	$0.00	$0.00	$0.00	$11.42 M
FY-06 Projects	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.06	$0.00	$0.07	$0.11	$0.11	$0.15	$0.00	$ 0.50 M
Total All Projects	$0.00	$0.08	$0.77	$0.42	$0.89	$1.96	$2.18	$2.63	$1.58	$0.90	$0.14	0.11	$0.11	$0.15	$0.00	$11.92 M
State Match (1.43%)	$0.00	$0.01	$0.13	$0.03	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 0.17 M
Federal FY-2004 Cap. Grant (6.96%)	$0.00	$0.07	$0.64	$0.12	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 0.83 M
State Match (13.84%)	$0.00	$0.00	$0.00	$0.05	$0.17	$0.38	$0.42	$0.51	$0.05	$0.00	$0.01	$0.02	$0.02	$0.03	$0.00	$ 1.66 M
Federal FY-2005 Cap. Grant (58.39%)	$0.00	$0.00	$0.00	$0.22	$0.72	$1.58	$1.76	$2.12	$0.19	$0.00	$0.06	$0.09	$0.09	$0.13	$0.00	$ 6.96 M
Other (19.38%)*	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.34	$0.90	$0.06	$0.00	$0.00	$0.00	$0.00	$ 2.30 M

* Other funds include DWSIRLF Bond proceeds, DWSIRLF Loan Repayments, and moneys recovered from loan amendments.
[1] Includes both Lake Lorman Utility District shown on the FY-2005 Priority List.

Appendix B
II. Projected Schedule of Outlays for Set Asides ($ Millions)

Federal Set-Asides	4Q FY-2005	1Q FY-2006	2Q FY-2006	3Q FY-2006	4Q FY-2006	1Q FY-2007	2Q FY-2007	Totals
Program Administration	$0.08	$0.08	$0.08	$0.09	$0.00	$0.00	$0.00	$0.33
State Program Mgmt	$0.20	$0.21	$0.21	$0.21	$0.00	$0.00	$0.00	$0.83
Small System Technical Assistance Set-aside	$0.08	$0.08	$0.00	$0.00	$0.00	$0.00	$0.00	$0.16
Total Set-Asides	$0.36	$0.37	$0.29	$0.30	$0.00	$0.00	$0.00	$1.32

APPENDIX C

Mississippi Administrative Procedures Law

CHAPTER 43

Administrative Procedures

Sec.

25-43-1. Short title.
25-43-3. Definitions.
25-43-5. Agency adoption of rules describing its organization and rules of practice; public inspection of agency rules, orders and decisions.
25-43-6. Economic impact statement, requirement and conditions.
25-43-7. Notice of proposed agency adoption, amendment or repeal of rules; emergency rules.
25-43-9. Filing of agency rules in office of secretary of state; effective date of rules.
25-43-11. Compilation and indexing of rules.
25-43-13. Notice of intended revocation, suspension, annulment or withdrawal of license; emergency suspension of license.
25-43-15. Application of conflicting statutory provisions governing agency procedures in contested cases.
25-43-17. Opponents of proposed rules to have opportunity to present their views and to review adverse rulings.
25-43-19. Proceedings to which chapter applicable.

§ 25-43-1. Short title.

This chapter shall be known and may be cited as the "Mississippi Administrative Procedures Law."

SOURCES: Laws, 1976, ch. 487, § 1, eff from and after January 1, 1977.

§ 25-43-3. Definitions.

As used in this chapter:

(a) "Agency" means each state board, commission, department or officer, other than the Legislature, the Governor and the courts, authorized by law to make rules or to determine contested cases.

(b) "Contested case" means a proceeding, including but not restricted to rate-making, price-fixing and licensing in which the legal rights, duties or privileges of a part are required by law to be determined by an agency after an opportunity for a hearing, other than disciplinary proceedings or agency action involving only employees of an agency.

(c) "Economic impact statement" means the statement required pursuant to Section 25-43-6 and which estimates the costs of implementation and enforcement of a rule.

(d) "License" includes the whole or part of an agency permit, certificate, approval, registration, charter or similar form of permission required by law, but it does not include a license required solely for revenue purposes, and does not include any order, permit or license issued, granted, revoked, suspended, annulled or withdrawn by any state agency in compliance with statutory procedures or in compliance with published rules and regulations adopted by such agency under statutory authority.

(e) "Licensing" includes the agency process respecting the grant, denial, renewal, revocation, suspension, annulment, withdrawal or amendment of a license.

(f) "Person" means any individual, partnership, corporation, association, governmental subdivision or public or private organization of any character other than an agency.

(g) "Rule" means each agency statement of general applicability that implements, interprets, or prescribes law or policy or describes the organization, procedure or practice requirements of any agency. The term includes the amendment or repeal of a prior rule but does not include (i) statements concerning only the internal management of an agency and not affecting private rights or procedures available to the public; or (ii) declaratory rulings issued pursuant to section 25-43-17; or (iii) intra-agency memoranda.

Sources: Laws, 1976, ch. 487, § 2, Laws, 1995, ch. 499, § 2, eff from and after passage (approved March 28, 1995).

§ 25-43-5. Agency adoption of rules describing its organization and rules of practice; public inspection of agency rules, orders and decisions.

(1) In addition to other rule-making authority and requirements imposed by law, each agency shall:

(a) Adopt as a rule a description of its organization, stating the general course and method of its operations and the methods whereby the public may obtain information or make submissions or requests.

(b) Adopt rules of practice setting forth the nature and requirements of all formal and informal procedures available, including all requirements respecting the filing of applications for any license and the licensing procedure employed by the agency and the method whereby persons desiring notice of pending applications may obtain such notice and request an opportunity to be heard.

(c) Allow public inspection of all rules and other written statements of policy or interpretations formulated, adopted or used by the agency in the discharge of its functions.

(d) Allow public inspection of all final orders, decisions and opinions.

(2) No agency rule, order or decision is valid or effective against any person or party, nor may it be invoked by the agency for any purpose, until it has been made available for public inspection as herein required. This provision is not applicable in favor of any person or party who has actual knowledge thereof.

Sources: Laws, 1976, ch. 487, § 3, eff from and after January 1, 1977.

§ 25-43-6. Economic impact statement, requirement and conditions.

(1) Prior to giving the notice required in Section 25-43-7, each agency proposing the adoption of a rule or significant amendment of an existing rule imposing a duty, responsibility or requirement on any person shall consider the economic impact the rule will have on the citizens of our state and the benefits the rule will cause to accrue to those citizens. For the purpose of this section, a "significant amendment" means any amendment to a rule for which the total aggregate cost to all persons required to comply with that rule exceeds One Hundred Thousand Dollars ($100,000.00).

(2) Each agency shall prepare a written report providing an economic impact statement for the adoption of a rule or significant amendment to an existing rule imposing a duty, responsibility or requirement on any person, except as provided in subsection (4) of this section. The economic impact statement shall include the following:

(a) A description of the need for and the benefits which will likely accrue as the result of the proposed action;

(b) An estimate of the cost to the agency, and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state and local revenues.

(c) An estimate of the cost or economic benefit to all persons directly affected by the proposed action;

(d) An analysis of the impact of the rule on small business;

(e) A comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule;

(f) A determination of whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law;

(g) A description of reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency and a statement of reasons for rejecting those alternatives in favor of the proposed rule; and

(h) A detailed statement of the data and methodology used in making estimates required by this subsection.

(3) No rule or regulation shall be declared invalid based on a challenge to the economic impact statement for the rule unless the issue is raised in administrative proceedings before the agency. No person shall have standing to challenge a rule, based upon the economic impact statement or lack thereof, unless that person provided the agency with information sufficient to make the agency aware of specific concerns regarding the statement in a public meeting or hearing held by the agency or in written comments regarding the rule. The grounds for invalidation of an agency action, based upon the economic impact statement, are limited to the agency's failure to adhere to the procedure for preparation of the economic impact statement as provided in this section, or the agency's failure to consider information submitted to the agency regarding specific concerns about the statement, if that failure substantially impairs the fairness of the rule-making proceeding.

(4) This section does not apply to the adoption or significant amendment of:

(a) Any rule which is required by the federal government pursuant to a state/federal program delegation agreement or contract;

(b) Any rule which is expressly required by state law;

(c) An emergency rule adopted pursuant to Section 25-43-7(2); and

(d) Any rule for which the notice required in Section 25-43-7 has been given prior to the effective date of this act [Laws, 1995, ch. 499, eff March 28, 1995].

SOURCES: Laws, 1995, ch. 499, § 1, eff from and after passage (approved March 28, 1995).

§ 25-43-7. Notice of proposed agency adoption, amendment or repeal of rules; emergency rules.

(1) Prior to the adoption, amendment or repeal of any rule, the agency shall give at least thirty (30) days' notice of its intended action. The notice shall include a statement of either the terms or substance of the intended action or a description of the subjects and issues involved, and the manner in which interested persons may present their views thereon. The notice shall be filed with the office of the secretary of state and mailed by the agency to all persons who have made timely request of the agency for advance notice of its rule-making proceedings. The secretary of state shall furnish copies at the request

of any person and shall be reimbursed by the requesting person for the expense of providing such service.

(2) If an agency finds an imminent peril to the public health, safety or welfare requires adoption of a rule upon fewer than thirty (30) days' notice and states in writing its reasons for that finding, it may proceed without prior notice of hearing or upon any abbreviated notice and hearing that it finds practicable to adopt an emergency rule. The rule may be effective for a period of not longer than one hundred twenty (120) days, renewable once for a period not exceeding ninety (90) days, but the adoption of an identical rule under subsection (1) of this section is not precluded.

(3) No rule hereafter adopted is valid unless adopted in substantial compliance with this section. A proceeding to contest any rule on the ground of noncompliance with the procedural requirements of this section must be commenced within one (1) year from the effective date of the rule.

Sources: Laws, 1976, ch. 487, § 4, eff from and after January 1, 1977.

§ 25-43-9. Filing of agency rules in office of secretary of state; effective date of rules.

(1) Each agency shall file in the office of the secretary of state a certified copy of each rule adopted by it, including all rules existing on January 1, 1977. The secretary of state shall keep a permanent register of the rules open to public inspection.

(2) Each rule hereafter adopted is effective thirty (30) days after filing, except that:

(a) If a later date is required by statute or specified in the rule, the later date is the effective date.

(b) Subject to applicable constitutional or statutory provisions, an emergency rule becomes effective immediately upon filing with the secretary of state, or at a stated date less than thirty (30) days thereafter if the agency finds that this effective date is necessary because of imminent peril to the public health, safety or welfare. The agency's finding and a brief statement of the reasons therefor shall be filed with the rule. The agency shall take appropriate measures to make the emergency rules known to the persons who may be affected by them.

Sources: Laws, 1976, ch. 487, § 5, eff from and after January 1, 1977.

§ 25-43-11. Compilation and indexing of rules.

(1) The agency shall compile and index all effective rules adopted and shall furnish the secretary of state with a copy of such rules and index. Compilations shall be supplemented or revised as often as necessary and at least once every two (2) years.

(2) Copies of bulletins and compilations shall be made available by the secretary of state upon request to agencies and officials of this state at no cost to the agencies and officials. Other persons may receive copies by requesting them and by reimbursing the secretary of state for publication and mailing costs.

Sources: Laws, 1976, ch. 487, § 6, eff from and after January 1, 1977.

§ 25-43-13. Notice of intended revocation, suspension, annulment or withdrawal of license; emergency suspension of license.

No revocation, suspension, annulment or withdrawal of any license is lawful unless prior to the institution of agency proceedings the agency gives notice by mail to the licensee of facts or conduct which warrant the intended action and the licensee is given an opportunity to show compliance with all lawful requirements for the retention of the license. If the agency finds that public health, safety or welfare imperatively requires emergency action and incorporates a finding to that effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other actions. These proceedings shall be promptly instituted and determined.

Sources: Laws, 1976, ch. 487, § 7, eff from and after January 1, 1977.

§ 25-43-15. Application of conflicting statutory provisions governing agency procedures in contested cases.

Specific statutory provisions governing agency procedures in contested cases which are in direct conflict with any of the provisions of this chapter shall continue to be applied to all proceedings of any such agency to the extent of such conflict only.

Sources: Laws, 1976, ch. 487, § 8, eff from and after January 1, 1977.

§ 25-43-17. Opponents of proposed rules to have opportunity to present their views and to review adverse rulings.

Each agency shall adopt procedures to assure that persons who give timely notice of their desire to contest the making of any rule shall have an opportunity to present their views and have the opportunity for review of adverse rulings.

Sources: Laws, 1976, ch. 487, § 9, eff from and after January 1, 1977.

§ 25-43-19. Proceedings to which chapter applicable.

This chapter shall not apply to proceedings pending on January 1, 1977, but shall apply to all agencies and agency proceedings thereinafter begun and not expressly exempted herein.

Sources: Laws, 1976, ch. 487, § 10, eff from and after January 1, 1977.

APPENDIX D

STATE OF MISSISSIPPI
SMALL SYSTEMS TECHNICAL ASSISTANCE SETASIDE
WORK PLAN

INTRODUCTION

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

SELECTION PROCESS

A request for proposals (RFP) was published in the legal section of *The Clarion-Ledger* on April 4th and 11th, 2002 with a submittal deadline of 3:00 p.m. on April 19, 2002. Those responding to the RFP were mailed an information packet the day the request was received. The Board was presented with the proposals on April 22, 2002, and a decision was made that day as to the contract recipients. All of the contracts described below are for a two year period with an option to renew for an additional two years.

PROGRAM ACTIVITIES

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

1. **Long term technical assistance** - This assistance is comprehensive in nature and is provided to 12 systems per contract year. The Mississippi State Department of Health (MSDH) will provide a list of 15-18 systems that are to receive this assistance to the contractor at the beginning of each contract year. Within 30 days of the start date for that contract year, the contractor will identify which 12 systems are to receive technical assistance, complete an initial assessment of the needs of each of the 12 systems, and develop a work plan for each water system. The contractor shall submit the assessment and work plan for each system to MSDH for approval prior to beginning to provide technical assistance. MSDH shall use its latest report of Capacity Ratings of Public Water Systems, along with the recommendations of MSDH staff and the contractor, to identify those public water systems that are to receive this assistance.

Activity Objective - provide long-term on-site comprehensive technical assistance to resolve problems identified by contractor. 12 systems will be chosen from a list of 15-18.

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

2. **Intermediate technical assistance** - This assistance is selective in nature and consists of 1 or more additional contact or non-contact hours for systems previously receiving short-term assistance or systems requiring assistance beyond standard short-term assistance to a minimum of 3 systems per quarter (3 month period) of the contract year. Systems selected are systems that previously received short term assistance, but are not limited to those systems. Selection of the 3 systems per quarter is based on pre-determined comprehensive tasks (1-3 different tasks) that the system has shown to be deficient in as indicated by their annual capacity assessment. To ensure this limited technical assistance is provided in the most efficient manner possible, the contractor is authorized to select systems from this list as appropriate to meet the contractor's requirements.

Activity Objective - provide intermediate (1 or more contact or non-contact hours) on-site technical assistance to selected systems covering the subject(s) determined by the contractor to be most needed.

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

3. **Short-term technical assistance** - This assistance is selective in nature and consists of 4-10 contact hours for each system to a minimum of 18 systems per quarter (3 month period) of the contract year. Under special circumstances, the contractor (with MSDH approval) may provide additional technical assistance (above the 10 hour maximum) to select systems. At the beginning of each contract year, MSDH shall provide the contractor with a list of systems that are to be provided limited technical assistance. This list shall include all those systems that score below a pre-determined rating on the latest MSDH Capacity Rating. To ensure this limited technical assistance is provided in the most efficient manner possible, the contractor is authorized to select systems from this list as appropriate to meet the contractor's requirements. During each contract year the contractor is authorized to provide limited technical assistance to systems that were not otherwise identified by MSDH under this contract. The contractor must secure written MSDH approval prior to initiating limited technical assistance to these additional systems.

Activity Objectives - provide short-term (4-10 contact hours) 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.

4. **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 minimum of 20 peer reviews per contract year with at least one peer review per month. Each volunteer shall be paid $50 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.

4. **Management Training for Water System Officials** - Section 41-26-101 of the Mississippi Code of 1972, Annotated, states "Each member elected or reelected after June 30, 1998, to serve on a governing board of any community public water system, except systems operated by municipalities with a population greater than two thousand five hundred (2,500), shall attend a minimum of eight (8) hours of management training within two (2) years following the election of that board member. If a board member has undergone training and is reelected to the board, that board member shall not be required to attend training. The management training shall be organized by the State Department of Health. The management training shall include information on water system management and financing, rate setting and structures, operations and maintenance, applicable laws and regulations, ethics, the duties and responsibilities of the association and other organizations. The department shall develop and provide all training materials. To avoid board members having

to interfere with their jobs or employment, management training sessions may be divided into segments and, to the greatest extent possible, shall be scheduled for evening sessions. The department shall conduct management training on a regional basis." The contractor shall: serve as the coordinator for MSDH in regards to all activities related to the implementation of the training program in the state; randomly attend training sessions to ensure the established curriculum is being followed and that the curriculum is relevant and effective; manage the board member training curriculum review committee; continue to update the established computerized database to accurately track the most current status of each board member attending the program; and other related duties.

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

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

AGENCY RESPONSIBILITIES

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

APPENDIX E

STATE OF MISSISSIPPI
STATE PROGRAM MANAGEMENT SET ASIDE
ANNUAL WORKPLAN

Section 1452(g)(2)
Safe Drinking Water Act Amendments of 1996

PUBLIC WATER SYSTEM MANAGEMENT PROGRAM

BACKGROUND

On November 11, 2004, the Local Governments and Rural Water Systems Improvements Board (Board) published a legal notice requesting public comments on the Draft FY-05 Intended Use Plan (IUP) that will set aside $828,550 of the State's FY-05 DWSRF capitalization grant for State Program Management activities to support the Mississippi State Department of Health, FY-06 Public Water Systems Supervision Program (FY-05 PWSS Program) as allowed under Section 1452(g)(2) of the Safe Drinking Water Act Amendments of 1996. After a public comment period a public hearing was held on December 7, 2004, to receive and consider comments from the public on the draft IUP. No comments were received during the public comment period and no one from the public attended the public hearing. The Final FY-05 IUP was presented to the Board for adoption during the scheduled meeting on December 14, 2004. The Final IUP will be effective on January 14, 2005.

This work plan describes how FY-05 DWSRF State Program Management set aside funds will be expended to support the FY-06 PWSS Program. The PWSS program is under a one year contract.

FUNDING AMOUNT

The State reserves $828,550 of its FY-05 Drinking Water State Revolving Fund capitalization grant to be set aside for State Program Management activities to support the FY-06 PWSS Program. The reserved amount represents 10% of the State's expected FY-05 capitalization grant and is specified for expenditure during FY-06.

Dollar Breakdown	
Administrative/Staffing	$547,325
Fringe Benefits	$151,062
Indirect Costs	$130,163
Total Funding Amount	**$828,550**

NUMBER OF FTE's PROJECTED FOR IMPLEMENTING THIS SET ASIDE

The State projects forty-four (44) FTEs will be required to implement the FY-06 PWSS Program. $698,387 will be reserved from the FY-05 DWSRF Capitalization Grant for salaries and fringe benefits for State Program Management activities.

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

Position	Quantity (FTE)
Environmental Engineer II	2
Environmental Engineer I	2
Environmental Engineer Intern	2
DP/Data Control Clerk II	2
Branch Director II	1.25
Special Projects Officer II	1
Waterworks Operator Instructor	2
Special Projects Officer I	1
Total FTEs	**13.25**

The remaining $130,163 will be used for indirect costs and possible contractual services for technical assistance.

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 use 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 Drinking Water State Revolving Loan Fund. The MSDH FY-06 Work plan outlines in detail the aspects of the PWSS that are supported by this set-aside. Items covered by the set-aside include: (1) State Primacy Requirements, (2) Non-Primacy Requirements, and (3) Auxiliary Services.

Primacy Requirements

As required to maintain state primacy, MSDH maintains the public water system supervision programs on an ongoing or as needed basis. These programs include revising current primacy programs by adopting new Federal regulations as needed; coordinating with EPA Regional Office; maintaining an sanitary survey program; participating in state data verification audits; ensuring PWSs are utilizing approved laboratories and a certification program for those laboratories is in place; participating in the EPA Regional oversight; operating in accordance with requirements of the National Primary Drinking Water Regulations; maintaining an active water system design and construction plan and specification review program; participating in PWS and PWSS training on rule requirements; informing Region 4 on any special state initiatives; maintaining records for all rule/policies, enforce reporting and record keeping as required; maintaining appropriate administrative penalty authority; attending state/EPA planning and implementation meetings; ensuring that newly permitted public water systems have

design/construction capable of compliance with the present and upcoming SDWA regulations; responding to EPA requests for information or verification of state rules implementation.

Non-primacy Requirements

In addition to the requirements of the public water system supervision program, monies from this set-aside provide support to activities that are of a non-primacy nature. Meaning these 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 Assessment Program (CD)

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

Unregulated Contaminant Monitoring Rule

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

Operator Certification

As dictated by the SDWA and required to maintain full funding for the DWSRLF, operator certification is an essential part of the public water system supervision program. Activities required in order to maintain the operator certification program include

providing documentation and evaluation of ongoing program implementation for all annual program submittals subsequent to the initial submittal; supply as required certification of changes and documentation of those change that are made to the regulations of statutes; perform internal and external program reviews as required by state law.

Source Water Assessment Program

On an annual basis, MSDH reports to EPA on Source Water Assessment Program implementation activities. In FY97, a set-aside for DWSRLF 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 Public Water Supplies.

Auxiliary Services

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

Information Management and SDWIS/Fed Reporting

These ongoing activities include: overseeing and enforcing requirements of data management and SDWIS/Fed reporting; reporting the state's PWSS inventory at least annually to SDWIS/Fed; reporting the state's violations and enforcement actions at least quarterly; participating in EPA/state data managers conference calls; establishing and following quality assurance procedures to ensure that PWS data is accurate.

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 system for non-compliant systems; provide current versions of its enforcement response guide; assurances that the EPA has up-to-date information.

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 of public water systems.

Rule Task Force

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

Outreach Program

Activities of this auxiliary service include: participation in National Drinking Water Week Celebration; participation in the Consumer Confidence Rule and Safe Drinking Water Act Excellence Awards; and identifying three initiatives pertaining to small systems outreach, education, education, State capacity plans and activities schedules for each fiscal year.

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

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing State Program activities under this work plan will be the schedule established by dates entered in the "Date Due" column of the MSDH FY-06 PWSS Work plan.

AGENCY RESPONSIBILITIES

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

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET ASIDE ACTIVITIES

The success of State Program Activities will be defined by the ability of the MSDH to successfully meet commitments in the FY-06 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 F

STATE OF MISSISSIPPI
ADMINISTRATIVE SET ASIDE

Section 1452(g)(2)
Safe Drinking Water Act Amendments of 1996

DWSRF IMPROVEMENTS LOAN PROGRAM

BACKGROUND

Section 1452(g)(2) of the SDWA allows up to 4 percent of the DWSRF Capitalization Grant to be set aside for administration of the DWSRF program. This Administrative set aside is used to pay salaries and associated expenses of future and existing personnel that administer the DWSRF program including contractual staff. Training and travel necessary for the effective operation of the program will also be included.

FUNDING AMOUNT

Mississippi will set aside the full 4 percent of the 2005 Capitalization Grant ($331,420). Funds not utilized in the given year will be reserved in an account to be strictly used for DWSRF administrative purposes. Costs beyond the 4 percent set aside of $331,420 will be funded by the administrative fee account. This account is funded through the 5% administrative fee that is added to the principle of all loans made.

Administrative/Staffing	$ 167,062
Contractual Services	$ 775,120
Fringe Benefits	$ 46,109
Indirect Costs	$ 41,568
Travel	$ 10,000
Total Funding Amount	**$1,039,859**

NUMBER OF FTE's PROJECTED FOR IMPLEMENTING THIS SET ASIDE

Environmental Engineer IV	**1**
Environmental Engineer II	**1**
Special Projects Officer II	**1**
Contractual Employees (DEQ)	
Environmental Eng Administrator(3)	**1**
Project Engineers(6)	**2.25**
Special Projects Officer(3)	**2.14**
Environmental Administrator(2)	**0.61**
Total FTEs:	**9**

Total staff to implement the DWSRF loan program are shown above. The proposed funds and existing administrative fees paid will fund salaries, fringe benefits, indirect costs, contractual services, training and travel.

GOALS, OBJECTIVES, OUTPUTS, AND DELIVERABLES

These funds will support ongoing program activities including grant application processing; IUP and Operating Agreement preparation and revision; financial management; legislation drafting and rule making; application review; reporting; administrative services associated with maintaining communication/assistance with loan recipients; legal fees; compliance with federal requirements.

Currently duties are split between coordination/program management at the Mississippi State Department of Health and project management at the Mississippi Department of Environmental Quality (MDEQ). In 1997, at the Drinking Water SRLF's inception with the Mississippi State Department of Health, MDEQ had 10 years experience in administering the Clean Water SRLF. It was decided that to contract with MDEQ to help with the program's administration would allow the people of Mississippi to receive program benefits more quickly. The ultimate goal is best utilize the resources available through the Capitalization Grant to give the maximum benefit to the citizens of the State of Mississippi thru both the loan program and set asides.

Outputs and Deliverables

The two main goals for the Mississippi DWSRF program include: proper management of funds to administer the program and efficiently using the funds to provide the greatest cost/ benefit to the community. The following output and deliverables will be accomplished through the agencies of MSDH and MDEQ: Low interest loans to eligible Mississippi water utilities; Necessary project tracking to ensure timely reimbursement of funds to water utilities; Perform inspections of construction sites; Verify loan repayments for correct interest and principal amounts to ensure program will remain in perpetuity to make future loans; Monitoring set aside expenditures to ensure proper utilization of funds; Supply to the federal DWSRF information system all pertinent financial and project management information as required; Develop the annual report to report achieved goals and deliverables; Provide independent financial verification of program solvency through the use of an annual audit meeting standards of the General Accounting Office.

Timeframe for Completion of Program Activities

Program management is an unending activity. Two main items of concern are submitted annually. The Intended Use Plan must be submitted by June 30 of each year. The DWSRF annual report is due by January 31st each year for the previous year.

APPENDIX G

TABULATION
STATE OF MISSISSIPPI
STATE PROGRAM MANAGEMENT SETASIDE MATCH REQUIREMENTS

Mississippi 1:1 Requirement for FY 2005 State Program Management Set-aside

	FY 1993	FY 2005
PWSS Grant	$769,600	$1,225,288
State Required Match for PWSS Grant	$256,533	$ 408,429
Actual State PWSS Contribution	$256,533	$1,717,628
State PWSS Overmatch	$ 0	$1,309,198
State PWSS Expenditures Eligible for 1:1 SPM Match	$134,078	$1,309,198
State PWSS Expenditures Claimed for 1:1 SPM Match	$134,078	$ 828,550

Mississippi requests $828,550 of its FY-2005 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, $828,550 in additional State funds will be required. The State provided $1,309,203 above the State's PWSS match requirement in FY-2005. In accordance with Section 1452(g)(2) of the Safe Drinking Water Act of 1996, the State claims $828,550 from its FY-2005 PWSS overmatch as credit to satisfy the $828,550 additional State match required to set aside $828,550 of its FY-2005 Capitalization Grant for SPM activities.

APPENDIX H

DRINKING WATER SYSTEMS EMERGENCY LOAN FUND PROGRAM

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

The basic provisions of this program are: 1) a current interest rate of 4%; 2) a maximum single loan amount of $500,000; 3) a maximum repayment period of five (5) years; and 4) the project must meet the definition of an emergency as established in the program regulations. It is also important to note that loan recipients do not pay interest during the original construction period (capitalized interest), and that loan repayments do not begin until after project completion.

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

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