

STATE OF MISSISSIPPI
LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD
Title 33: Public Health - Local Governments & Rural Water Systems Improvements Board
Part 23: Drinking Water Systems Improvements Revolving Loan Fund Program Regulations DW SRF
Base Intended Use Plan

STATE OF MISSISSIPPI
DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM

FFY-2026 INTENDED USE PLAN

Approved by the Board on
4/24/2026



MISSISSIPPI STATE DEPARTMENT OF HEALTH

LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS
IMPROVEMENTS BOARD
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DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND

FFY-2026 INTENDED USE PLAN

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INTRODUCTION

A. State of Mississippi's Drinking Water State Revolving Loan Fund

The Safe Drinking Water Act Amendments of 1996 (SDWA) established the national Drinking Water State Revolving Fund (DWSRF) Program. That program allows the Environmental Protection Agency (EPA) to make capitalization (Cap) grants to states to, in turn, provide low-cost loans to public water systems to help achieve or maintain compliance with SDWA requirements. Accordingly, the State Legislature (through Section 41-3-16, MS Code of 1972 Annotated) created what is now called the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program to receive the federal DWSRF capitalization grants from EPA, and to provide low-cost loans to the state's public water systems to finance needed infrastructure improvements. This legislation also allows the DWSIRLF, subject to the authority of State Law, to make loans that may utilize additional subsidization beyond standard DWSIRLF loans as well as setting appropriate criteria to determine eligible recipients.

That same legislation created the "Local Governments and Rural Water Systems Improvements Board" (Board), to oversee the administration of the DWSIRLF Program. The Mississippi State Department of Health (Department), as the state's drinking water primacy agency, supplies the staff and facilities necessary to administer the program. The Board is composed of the following nine (9) members: the State Health Officer, who shall serve as chairman of the Board; the Executive Director of the Mississippi Development Authority; the Executive Director of the Department of Environmental Quality; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Association of Supervisors; the Executive Director of the Mississippi Municipal League; the Executive Director of the American Council of Engineering Companies; the State Director of the United States Department of Agriculture, Rural Development; and a manager of a rural water system. Each agency director may appoint a designee to serve in his or her place on the Board. The Governor appoints the rural water system manager. In the creation of the Program, it was the intent of the Legislature that the Board endeavor to ensure that the costs of administering the DWSIRLF Program are as low as possible in order to provide the water consumers of Mississippi with safe drinking water at affordable prices.

As a condition of receiving the DWSRF Cap grants, the SDWA requires that each state annually prepare an Intended Use Plan (IUP) designed to outline how a state will utilize DWSRF's funds to assist in protecting public health. The DWSIRLF consists of both state and federal funds. Federal funds are provided to the states in the form of awarded Cap grants. Each state's allotment of those grants is based on EPA's Needs Survey that is performed every four years. State matching funds totaling 20% of the federal grant amount to that state are required to be deposited into the Fund and have historically been provided through the issuance of bonds; however, the State legislature has provided the required State match funds as a direct agency appropriation. The purpose of this IUP is to convey

the State of Mississippi's (State) DWSRF plan for Federal Fiscal Year (FFY) 2026 to EPA, other state agencies, the State's public water supplies, and the public.

B. Program Overview

The basic framework under which the DWSIRLF Program operates is established by two documents. The first document is the Drinking Water State Revolving Fund Loan Program Operating Agreement (Operating Agreement) between the Mississippi State Department of Health and the Environmental Protection Agency, Region IV. The current Operating Agreement was agreed to by both parties and approved on March 21, 2021. The Operating Agreement establishes the basic framework of the DWSIRLF that is not expected to change from year to year. The second document is the IUP which describes how the State of Mississippi will use the funding received from the EPA Cap grant which is received each year.

The authorized allotment of the FFY-2026 Cap Grant from EPA for Mississippi is \$4,812,000. The Program intends to apply for the full amount of this cap grant and the IJA Supplemental cap grant. These funds must be used in the period of July 2026 through June 2031. As a condition of the FFY-2026 Cap Grant the program agrees to comply with DWSRF regulations, the general grant regulations at 40 CFR part 200, and specific conditions of the capitalization grant and to enter data into SRF Data System no less than quarterly. The FFY-2026 IUP will show in detail the goals (basic, long-term, and short-term), the structure, and the financial status of the Program; the role of the set-aside activities within the state; and most importantly, the distribution of funds towards public water system improvements projects and the criteria used to determine their ranking within the priority system. Those desiring to receive a copy of this document may contact Brittney Carmichael, Program Support Specialist, at (601) 576-7649.

The United States Congress passed the *Infrastructure Investment and Jobs Act (IIJA)* which was signed by the President on November 15, 2021. The bill appropriates an additional \$2.202 billion to DWSRF for any eligible projects. Of the \$2.4 billion additional allotment, the State's 2026 allotment (1.25%) for eligible projects was \$31,168,000 with a required state contribution (20%) of \$6,233,600. The maximum principal forgiveness (49%) allowable to Eligible Borrowers will be \$15,272,320. The Program will take action to follow its priority and planning list to apply the funding as applicable. See Appendix K for additional details.

C. Public Input, Review, and Comment Procedures

To ensure that the public has an ample opportunity to review and comment upon the IUP, the Department and the Board follow the requirements of the “Mississippi Administrative Procedures Law” prior to final submission of the IUP to EPA. A public notice period of at least twenty-five (25) days allows for review and comment before an oral proceeding. After adoption by the Board, a second filing with the Secretary of State’s Office occurs; if no additional comments are received the IUP becomes law 30 days after the second filing.

Public notice will be given in *The Clarion Ledger*, a newspaper of statewide circulation, for written and oral comments on this IUP. ***An oral proceeding was held at 9:00 a.m. on April 23, 2026.*** Minutes of the oral proceeding, recording any comments and recommended solutions, will be submitted to the EPA along with the Final IUP. Those desiring to receive a copy of the oral proceeding transcript should contact Brittney Carmichael, Program Support Specialist, at (601) 576-7649. A copy of the “Mississippi Administrative Procedures Law” may be obtained from the Mississippi Secretary of State’s Office and can also be found on the Mississippi State Department of Health’s website at www.healthhys.com/dwsrf.

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

The Board has established certain goals for the DWSIRLF Program with the objective of improving the Program on an ongoing basis. The goals have been classified into three categories that include basic, long-term, and short-term. These goals were developed to address the necessary requirements of federal and state regulations, as well as the state’s need and desire to maintain and enhance the Program. Congress and the State of Mississippi have placed particular emphasis on assisting smaller drinking water systems under the DWSIRLF to ensure that these systems have adequate technical, managerial, and financial resources to achieve or maintain compliance and provide safe drinking water.

A. Basic Goals

1. Maintain a financially sound DWSIRLF in perpetuity; meet a portion of the drinking water needs in the state within a reasonable period; and fund projects in order of public health importance. Attaining these basic goals will help ensure that Mississippi's drinking water supplies remain safe and affordable, and that those public water systems that receive funding will be properly operated and maintained.
2. Determine the DWSIRLF’s yearly interest rate, taking into consideration that it must be competitive with the private sector, as well as with other available funding sources within the state. This will ensure the timely use of available funds, as well as ensure sufficient income is generated to provide for the perpetuity of the Fund. Further details of loan terms and priority ranking are outlined in Sections IV and VI of this IUP.

3. Ensure the program's goal align with the EPA's Strategic Goal of "Ensuring Clean and Safe Water for All Communities".

B. Long-Term DWSIRLF Goals

1. Enhance and/or improve loan application and repayment procedures. MSDH intends to periodically evaluate the existing Program requirements and procedures to determine ways to streamline the DWSIRLF Program's application and repayment procedures, making it more user-friendly, attractive, and beneficial to loan recipients, while ensuring continued compliance with all federal and state regulations and requirements.
2. Program staff are exploring the feasibility of creating a universal web-based ranking form for all lending agencies within the state. The proposed form would ask a few simple questions, recommend a lending program based on the responses, and submit the ranking form to the appropriate agency. This could help potential loan recipients find the program that is right for their water utility, quickly and easily.
3. Continue programs to protect the State's ground water by using designated funds from the Cap grants to fund abandonment and plugging of wells. Since FFY-2012 the Program has been using the Local Assistance and Other State Programs set-asides to properly abandon inactive wells and open holes. Inactive wells and open holes are potential avenues of contamination to the aquifer and are a danger to humans. This program is a worthwhile endeavor that will protect the source water of the state's water supplies.
4. Develop a tracking system to manage programmatic and financial documentation. A tracking system will provide DWSIRLF loan recipients and their representatives with an opportunity to view the status and/or location of documents mailed to the Program for review and/or processing. This tracking system will also assist Program staff in tracking/monitoring program documentation reviews as well as disbursements.
5. Develop a comprehensive engineering project manager (PM) manual. The Bureau of Public Water Supply continues to make changes to the personnel involved with the DWSIRLF Program as the need arises. A comprehensive manual for project management will help ensure new PMs will have all the necessary tools and reference materials at their disposal to ensure the ongoing project flow will be uninterrupted. Since regulations change periodically, once the manual is completed it will be maintained by assigned staff.

C. Short-Term DWSIRLF Goals

1. Enhance and/or improve the Program by making it more attractive to public water systems. The evaluation of this goal will be based on input received from “one-on-one” visits with staff at engineering firms, town conferences, and general feedback obtained from loan recipients and consulting engineers during the loan process. These meetings will be conducted with firms currently participating in the DWSIRLF Program to collect data regarding the effectiveness of the loan application process currently being implemented.
2. Explore the possibility of developing web-based checklists and forms to electronically store and process project management information.
3. Assist applicants in addressing capacity assessment deficiencies found during annual inspections by using technical solutions afforded by the technical assistance set-aside contractors. New or forthcoming regulations may make this a key goal in the future.
4. Train new staff members using available training sessions provided by EPA Region IV staff.
5. Meet special funding goals: Executive Order 13858, Strengthening Buy-American Provisions for Infrastructure Projects, may introduce additional provisions that will require additional compliance monitoring, thus creating an additional burden to the Program.
6. Automatic repayment collection system: Continue the implementation of an automatic repayment collection system; many loan recipients in the Program’s repayment mode desire an automatic electronic repayment system as is available in the public sector. The DWSIRLF, by instituting this payment option, will ensure a timely receipt of monthly repayments, as well as make the repayment process much more convenient for our loan recipients.
7. Implement a Cash Flow Model (CFM) to forecast all cash flows of the Drinking Water State Revolving Funds to optimize the Program’s lending capacity.

III. Structure of the Mississippi DWSIRLF

The Mississippi DWSIRLF is structured around three separate funds that sustain the Program and help it achieve the basic, short-term, and long-term goals. The funds are broken down further into designated accounts, each having a specific function.

A. DWSIRLF Loan/Operations Fund

Monies in the Fund support a majority of the functions of the DWSIRLF. These functions include program administration, set-aside operations, and most importantly provide disbursements to public water systems for eligible projects. The DWSIRLF is a reimbursement program, meaning that after the loan is awarded, costs associated with planning, designing, and constructing the project are reimbursed to the recipient. Cap grants from EPA, loan repayments and interest earnings are deposited into this Fund.

1. Types of Eligible Projects:

Many types of projects are eligible for funding by the Program. For a more detailed explanation of eligible costs for projects, please refer to Appendix A of the DWSIRLF Regulations.

2. Set-aside Accounts:

The set-aside accounts reside under the umbrella of the Fund and are distinctly designated by reporting categories. A listing of the set-asides taken by Mississippi includes the following for FFY-2026:

- a. **Administrative Set-aside:** Provides financial support to administer the loan Program and other non-project-related activities.
- b. **Small System Technical Assistance Set-aside:** Provides technical assistance to small water systems.
- c. **State Program Management Set-aside:** Provides additional financial support to MSDH – Bureau of Public Water Supply for Public Water System Supervision Program.
- d. **Local Assistance and Other State Programs:** Provides funding for the implementation of a wellhead protection program.

3. Applicability of Federal Requirements

The Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) consists of federal capitalization grant funds, Infrastructure Investment and Jobs Act (IIJA) Supplemental funds, state match funds, loan repayments, and interest earnings. The applicability of federal statutory and regulatory requirements depends upon the specific funding source utilized for each project.

The Board retains authority to determine funding sources for each project in accordance with federal and state law.

a. Equivalency Projects

Projects funded in whole or in part with federal capitalization grant funds designated by the Program as “equivalency projects” shall comply with all applicable federal cross-cutting authorities, including but not limited to:

- Davis-Bacon Act prevailing wage requirements;
- American Iron and Steel (AIS), where applicable;
- Build America, Buy America (BABA) requirements;
- Federal environmental review requirements;
- Federal procurement requirements;
- All applicable authorities identified in 40 CFR Part 35, Subpart L; and
- Other federal requirements associated with capitalization grant equivalency.

The Program will designate equivalency projects as necessary to satisfy federal capitalization grant conditions and equivalency percentage requirements.

b. IJJA-Funded Projects

Projects funded in whole or in part with IJJA Supplemental capitalization grant funds shall comply with all federal requirements expressly applicable to IJJA-funded projects, including statutory requirements and capitalization grant conditions.

IJJA requirements attach to the IJJA funding source and shall apply only to projects receiving IJJA funds.

c. Non-Equivalency DWSIRLF Projects

Projects funded solely with:

- Non-equivalency revolving loan funds,
- Loan repayments,
- Interest earnings, or
- State match funds not otherwise federally conditioned,
- shall comply with:
 - The Safe Drinking Water Act (SDWA);
 - Applicable state statutes and regulations; and
 - Federal requirements expressly applicable to the funding source utilized.

Such projects shall not be subject to federal cross-cutting authorities unless specifically required by federal statute, capitalization grant condition, or Program designation as an equivalency or IJJA-funded project.

d. Funding Source Determination

The funding source for each project shall be identified in the loan agreement or loan amendment. The executed loan agreement shall control the applicability of federal requirements.

The Board reserves the authority to allocate federal and non-federal funds among projects in a manner that ensures compliance with capitalization grant requirements and maintains the long-term financial integrity of the DWSIRLF.

e. **Modification of Project Designation**

The Program reserves the authority to modify a project's funding source designation, including designation as an equivalency project or IJJA-funded project, when necessary to:

- Ensure compliance with federal capitalization grant conditions;
- Meet federal equivalency percentage requirements;
- Address changes in federal law, regulation, or EPA guidance; or
- Optimize the use of available federal and non-federal funds.

Any such modification shall:

- Be documented in the project file;
- Be communicated in writing to the loan recipient; and
- Be reflected in an executed loan agreement or loan amendment.

Federal requirements applicable to a project shall be those associated with its final funding designation as established in the executed loan agreement or loan amendment.

f. **Preservation of Program Flexibility**

Nothing in this framework shall be construed to expand federal requirements beyond those mandated by statute, regulation, or grant condition. This framework is intended to ensure compliance with applicable federal law while preserving the flexibility and sustainability of the DWSIRLF Program.

B. DWSIRLF State Match Funds

As required by the SDWA, the State of Mississippi must match the Cap grant with state funds equaling 20% of the federal allotment. While state match monies are maintained separately from the Fund for accounting purposes, they are still considered to be under the "umbrella" protection of the DWSRF.

C. Drinking Water Systems Emergency Loan Fund (DWSELF)

The Board also oversees the DWSELF. This fund contains only State dollars that are utilized solely for public water supply loans which meet the definition of emergency. For further information see Appendix I.

IV. Financial Status of the DWSIRLF

This section outlines all sources of funding available to the DWSIRLF Program and indicates intended uses. This section also describes the financial assistance terms available through the Program.

A. Source and Use of Funds

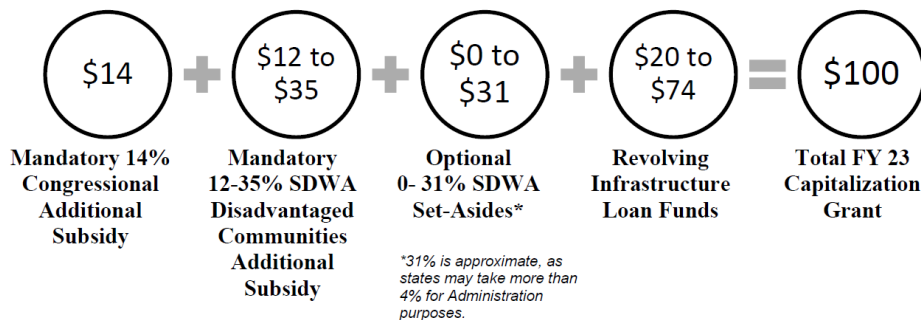
The FFY-2026 EPA Capitalization Grant allotment for Mississippi of \$4,812,000 has a 20% state match of \$962,400 is required and the FFY-2026 IJA Supplemental Capitalization Grant allotment of \$31,168,000 with a 20% state match requirement of \$6,233,600 this provides an amount of \$41,546,400 for both loans and set-aside activities.

The FFY-2026 “Set-aside” uses for the standard Cap grant and IJA Supplemental Cap grant are outlined in Section V of this IUP. Necessary work plans showing utilization of these funds are found in the appendices of this IUP.

1. Federal Allotment

With the FFY-2026 Capitalization Grant for Mississippi of \$4,812,000 the state match requirement to federal grant funds will ***be 20% state match funds to 80% federal grant funds; this requirement will be stated in the grant application.***

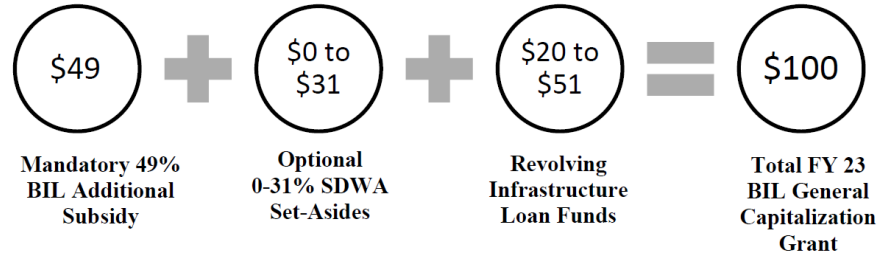
Diagram 1: Example \$100 FY 2023 Consolidated Appropriations Act Capitalization Grant



The FFY-2026 IJA Supplemental Capitalization Grant allotment for Mississippi of \$31,168,000 the state match requirement to federal grant funds will ***be 20%***

state match funds to 80% federal grant funds; this requirement will be stated in the grant application.

Diagram 2: Example \$100 FY 2023 BIL General Capitalization Grant



2. State Match Requirements

The 2026 State Legislature will authorize an appropriation or the issuance of bonds to be used as match for the FFY-2026 EPA Capitalization Grants. An amount of \$8,967,800 is required to fully match the FFY-2026 EPA Capitalization Grants.

3. Loan Increase Reserve

Beginning in FFY-2003 the Board began to make loan awards after approval of the facilities plans and loan application, rather than after completion of the project design. This change in the loan award sequence increased the likelihood that bid overruns on some projects could be greater than the construction contingency included in the loan agreement. In order to be able to provide loan increases (when needed) to existing loans, the Board intends to set aside the \$2,000,000 for such loan increases; loan increases will be awarded on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards to the highest-ranking project(s) that is ready for loan award at the time funds become available.

B. Financial Planning Process

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

1. Efficient Bond Management

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

2. Interest Rate Determination

It is the Board's intention to adjust interest rates such that the demand will equal the funds available. In order to ensure that this interest rate will be at or below the prevailing market rates at the time a loan is made, this rate will be compared to the twenty-year (20) triple-A rated, tax-exempt insured revenue bond yield published by fmsbonds, Inc. (fmsbonds Online, <https://www.fmsbonds.com/market-yields/>).

3. Investment

Investment Procedures for Excess Cash - According to the State Treasurer, the excess cash in the Fund is invested by the State Treasurer in securities prescribed in Section 27-105-33, et. Seq., of the Mississippi Code of 1972 Annotated, as amended. The securities in which state funds may be invested include certificates of deposit with qualified state depositories, repurchase agreements (fully secured by direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations), direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations, and any other open-ended or closed-ended management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et. Seq, provided that the portfolio is limited to direct obligations issued by the United States of America, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations and to repurchase agreements fully collateralized by the securities listed above for repurchase agreements.

C. Financial Terms of Loans

The following terms will be used for the purpose of making loans to the public water systems within the State of Mississippi.

1. Funding Limit

Under state law, the Board has the discretion to set the maximum amount for DWSIRLF loans. For FFY-2026 the Board has set a maximum loan amount of \$5,000,000 per borrower. The Board may allow (on a case-by-case basis if requested by the borrower and the need has been justified) the maximum loan limit to be exceeded by a vote of the Board. Furthermore, during FFY-2026, no more than one loan per borrower will be allowed. At the end of the fiscal year, if funds are available, systems previously receiving an award during FFY-2026 may obtain an additional award(s) or an increase to a previous award, if no other eligible systems are evident.

2. Interest Rate

All loan terms will be the lesser of 1.95% annual interest rate or the twenty-year (20) triple-A rated, tax-exempt insured revenue bond yield published by fmsbonds, Inc., compounded monthly, with a standard 20-year term. The maximum loan amortization allowable will be 30 years, or 40 years for disadvantaged communities (the *America's Water Infrastructure Act of 2018*). These maximums may not, however, exceed the design life of the project. Interest will accrue based on the current loan agreement in conjunction with the DWSIRLF Regulations.

3. Administration Fee

THIS IS NOT AN ADDITIONAL FEE TO OUR LOAN RECIPIENTS. This revenue is diverted from the interest portion of loan repayments to defray administrative costs related to the program. The program will collect up to 5% of the initial loan principal or the total amount of interest due over the life of the loan, whichever is less, to defray administrative cost. This fee will be collected from the interest portion of loan repayments on all FFY-2026 loans. Total to be determined after awards.

4. FFY-2026 Appropriation Special Provisions

The Federal 2026 appropriations bill has been finalized and the final EPA FFY-2026 Cap Grant allotment amounts, and any additional federal requirements are known. Subsidization requirements will be required for the FFY-2026 Cap Grant; the subsidization is in the form of “principal forgiveness”, “negative interest rates”, or a combination of the two. The amount of subsidization is a minimum of 26% of the Cap Grant amount. The FFY-2026 Cap Grant is \$4,812,000 and the subsidization amount will be \$1,638,960 (12%) and \$1,912,120 (14%); \$3,551,080 (26%) of the Cap Grant amount, up to \$6,692,420 (49%) with the use of discretionary. Furthermore, projects designated by the Program as equivalency projects and funded in whole or in part with federal capitalization grant funds shall comply with the full suite of federal cross-cutting authorities associated with equivalency funding.

Projects funded with assistance from the DWSIRLF shall comply with statutory construction requirements applicable to SRF-funded projects, including Davis-Bacon prevailing wage requirements and applicable domestic sourcing requirements such as American Iron and Steel (AIS) and/or Build America Buy America (BABA) as required by federal law and applicable capitalization grant conditions

Projects funded solely with non-equivalency DWSIRLF funds shall comply with those federal requirements expressly applicable under the Safe Drinking Water Act and applicable federal grant conditions but shall not be subject to the federal administrative and cross-cutting authorities associated with equivalency projects unless designated as an equivalency project.

The applicability of federal requirements to individual projects funded under the FFY-2026 Capitalization Grant or IJA Supplemental Grant shall be determined in accordance with the Federal Applicability Framework set forth in this IUP.

5. Other Related Issues

- a. *Type of Assistance Provided:* The assistance to be provided under the DWSIRLF Program will be loans to public, tax-exempt entities which are authorized under state law to collect, treat, store, and distribute piped water for human consumption; able to enter into a DWSIRLF loan agreement; and have the ability to repay the DWSIRLF loan. With the funds provided through the FFY-2026 federal appropriation, the DWSIRLF program will be able to make loans that will have an amount of “principal forgiveness”, if the loan recipient is designated a disadvantaged community. To ensure that the assistance is dispersed as far as possible, the Board has set a limit (\$500,000) which a loan recipient may receive in subsidy for one loan. When the mandatory 26% subsidy requirements have not been met by awards, the Board may allow (on a case-by-case basis if requested by the borrower and the need has been justified) the limit to be exceeded by a vote of the Board. Once the limit of the appropriation subsidy funds has been reached for FFY-2026, loans will return to the DWSIRLF’s standard terms without principal forgiveness. In all cases, loans will be for the construction of eligible drinking water production, treatment, and distribution facilities.
- b. *Project Costs Eligibility:* Eligible/allowable project costs will include those costs that are eligible, reasonable, necessary, and allocable to the project, within the established project scope and budget, in conformance with the DWSIRLF regulations and approved by MSDH.
- c. *Loan Participation:* DWSIRLF loan participation will be at 100% of eligible project costs, less any funding made available from other agencies for these same eligible project costs.
- d. *Pre-Award Costs:* Project costs incurred prior to loan award will be DWSIRLF loan eligible provided:
 - i. The debt is for work under a construction contract for which the “Notice to Proceed” was issued on or after October 1, 2026, and the DWSIRLF loan is awarded by September 30, 2026.
 - ii. The project is in compliance with all applicable DWSIRLF Program regulations and obtains MSDH approval of all applicable documents prior to award of the DWSIRLF loan.
 - iii. The prospective loan recipient agrees that by incurring costs prior to the loan award, it proceeds at its own risk and relieves the Board, the Department, and the Department’s staff of all responsibility and liability

- should such costs later be determined unallowable for any reason or should such funding not become available for any reason.
- iv. The prospective loan recipient agrees that by incurring costs prior to loan award, no future commitment to funding a refinanced project is provided.
 - e. *Priority List:* The FFY-2026 Priority List expires on September 30, 2026. Projects listed in the FFY-2026 Priority List that do not receive funding by this date will not be funded under the FFY-2026 funding cycle and will be subject to the requirements of subsequent IUPs and Priority Lists. Detailed information for the FFY-2026 DWSIRLF projects is shown in Section VIII of this IUP. To facilitate the use of FFY-2026 federally appropriated funds, the Priority List may be adjusted to ensure compliance with applicable federal funding conditions, including equivalency and IJA requirements, where applicable to designated projects.

V. SET-ASIDE ACTIVITIES

The SDWA allows each state to set aside up to 31 percent of its federal Cap grant to support non-project-related drinking water programs which include administration of the loan program, technical assistance to public water systems, state program management, and other special activities. The FFY-2026 EPA Capitalization Grant amount of \$4,812,000, the state plans to use \$1,677,825 of the FFY-2026 Federal Capitalization grant to support the non-project-related drinking water programs activities. The state plans to utilize \$4,300,572 of the IJA Supplemental Cap Grant amount for set-aside activities. These non-project-related programs will be operated by MSDH within the agency itself or through contracts with other agencies or organizations. Contracts between the MSDH and other agencies or organizations will be approved by the Board. Work plans showing how the set-aside funds will be expended are included as appendices within this IUP; additionally, progress reports will be included in the Annual Report. The state has elected not to take any additional set-asides from the FFY-2026 Local Assistance and Other State Programs set-aside but reserves the right to make revisions to utilize additional funds from this set-aside. See Appendix B for the funding breakdown of each category.

A. Administration

The SDWA-DWSRF amendments in the 2017 Water Infrastructure Improvements for the Nation Act (Pub. L. 114-332) (2017 WIIN Act – EPA memorandum dated June 6, 2017) states that the Administrative Set-Asides that can be taken (the greatest of: \$400,000, 1/5 percent of the current valuation of the fund, or an amount equal to 4 percent of all grant awards to the fund for the fiscal year). The State plans to use the maximum allowable for "Administrative" purposes from the FFY2026 Cap Grant. The State also plans to use a percentage for "Administrative" purposes from the FFY2026 IJA Supplemental Cap Grant. Costs beyond this amount will be paid from the funds generated by the 5% administrative fee taken from loan repayments.

The state will continue to exercise its right to reserve the administrative amounts from previous Cap Grants. Reserving previous years' 4% administrative set-aside can ensure that the Program will continue to operate with an adequate DWSIRLF staff for proper management of the Program.

B. Small System Technical Assistance

The state will use the Small Systems Technical Assistance (Up to 2%) set-aside from the FFY-2026 Cap Grant and the IJA Supplemental Cap Grant to provide technical assistance to public water systems serving areas with populations of 10,000 or less. With approval by the Board, the state intends to use this set-aside to fund contracts for the following activities: Board Management Training for Water System Officials; Hands-on Operator Training; and Asset Management Training. Each of these activities is described in detail in the State of Mississippi's Small Systems Technical Assistance Set-Aside Work Plan included as Appendix E to this IUP.

The State will use the Small Systems Technical Assistance (up to 2 percent) set-aside from the FFY-2026 IJA Supplemental Grant to operate a Circuit Rider Technical Assistance Program. This program will provide on-site technical, managerial, and financial (TMF) capacity support to public water systems serving populations of less than 10,000 and represents an evolution of MSDH's prior small-system assistance activities by establishing a structured, field-based program that delivers consistent statewide coverage and measurable outcomes, while maintaining eligibility under Section 1452(g)(2) of the Safe Drinking Water Act. The Circuit Rider Program will assist systems through on-site troubleshooting of treatment and distribution issues; guidance in sampling, reporting, and asset-management documentation; and mentoring for operators and managers, particularly at under-resourced systems. The program may also support lead-service-line inventory development, source-water protection, emerging-contaminant sampling, and other capacity-development needs. Circuit Riders will not perform routine operations for systems but will train and guide system staff to build local capacity and compliance capability. This activity complements existing initiatives funded under the 15 percent Local Assistance and Other State Programs set-aside, which include capacity development, asset management, GIS data development, and pilot projects for water-loss reduction. MSDH will allocate up to 2 percent of the annual capitalization grant for this program and may use a portion of the 15 percent set-aside to expand its scope, consistent with federal and state requirements (40 CFR 35, Subpart L). The program aims to assist at least 25 small systems each year and provide a minimum of 100 training or mentoring engagements. Expected benefits include measurable improvements in small-system performance, reduced non-compliance events, stronger managerial and financial practices, enhanced asset-management capacity, and improved readiness for infrastructure investment. The Circuit Rider Program may also utilize a portion of the 15 percent Local Assistance and Other State Programs set-aside under Section 1452(k) to support related capacity-development activities such as asset management implementation, GIS data development, and water-loss reduction.

C. State Program Management

The state intends to utilize these funds which are allowed up to a 10% set-aside from the FFY-2026 Cap grant, as authorized by Section 1452(g) (2) of the Safe Drinking Water Act of 1996 for State Program Management. The funds will be used for Public Water System Supervision (PWSS) activities conducted under Section 1443(a) of the Act. These activities are described in more detail in the State of Mississippi's State Program Management Set-aside Annual Work Plan included as Appendix F to this IUP.

The SDWA-DWSRF amendments in the 2018 Water Infrastructure Improvements for the Nation Act (Pub. L. 114-332) (2017 WIIN Act – EPA memorandum dated June 6, 2017) removed the requirement for the State 1:1 match for the 10% State Program Management set-aside.

D. Local Assistance and Other State Programs

The state intends to use (10%) of the 15% set-aside amount which is allowed from the FFY-2026 Cap grant to provide funding for wellhead protection projects throughout the state. These funds will be used to properly abandon inactive wells that pose a risk to existing active public water supply source water wells, as well as the environment. See Appendix G.

The state intends to use (10%) of the 15% IJA Supp set-aside amount which is allowed from the FFY-2026 Cap grant to provide funding for consolidation and regionalization projects throughout the state. These funds will be used to survey the State's drinking water system to identify, plan, and assist water systems in consolidation or regionalization to create a more sustainable model that best serves the consumers of Mississippi's drinking water. See Appendix L. A portion of this set-aside may also be used to supplement the Small System Technical Assistance (Circuit Rider) Program, particularly for asset-management and GIS-based capacity-development activities.

VI. Priority System

The SDWA provides the state with the flexibility to determine how to best utilize the Cap grant. To meet the particular and unique issues facing the public water systems in Mississippi, SDWA requirements allow states to give priority to those projects which:

1. address the most serious risk to human health.
2. are necessary to ensure compliance with the SDWA requirements.
3. assist systems most in need, on a per household basis.

A. Funding and Ranking Rationale

Projects will be placed on the fundable portion of the Priority List according to both priority ranking and readiness to proceed. The term 'ready to proceed' applies only to projects being considered for loan award and does not affect placement on the Priority List.

A project is considered ready to proceed when both Part 1 and Part 2 of the Two-Part Loan Application Process have been completed and all environmental, financial, and compliance requirements necessary for loan execution have been satisfied.

Completion of Part 2 is not required for inclusion on the Priority List

If a project cannot reasonably be expected to meet the Priority System deadlines, then the project will not be placed on the current year's Priority List but will be placed on the Planning List. It is the Board's judgment with input from the DWSIRLF staff as to when a project is ready to proceed. Loans will be awarded to projects (within available funds) that are above the funding line on the current year's Priority List, that have met all Priority System deadlines and are ready to proceed. Additionally, when potential loan recipients are deciding on the needs for their public water supplies, they should ensure that all public health and state safe drinking water laws are followed. If a state regulation becomes an additional requirement of Mississippi's public water supplies, appropriate planning and design of the project(s) will be necessary to receive funding. However, if it is understood that a proposed project is designed to meet specific SDWA compliance requirement(s) unrelated to a state requirement, the Board may waive the state requirement upon request from the potential loan recipient. This waiver would require concurrence from the Bureau of Public Water Supply.

1. Funding Lists and Bypass Procedure

Should any projects on the FFY-2026 Priority List (which are above the funding line) fail to comply with the deadlines in Section D, the project shall be bypassed, and the funds reserved for said project will be released. Released funds will first be made available to listed projects, to ensure that all projects above the funding line meeting priority system deadlines are funded. Any remaining funds will be made available to the highest-ranking project(s) shown below the funding line that is ready for loan award at the time funds become available. If no projects above the funding line are ready for loan award at the time funds become available, projects shown below the funding line will be funded on a first-come, first-served basis as they become ready for loan award and until the released funds are awarded. This same process will continue as each deadline passes and funds released become available.

2. Loan Decreases

Any funds recovered from loan decreases during the year will be used:

- a) first to fund bid overruns, if funds from the loan increase reserve are not sufficient to cover the bid overruns;

- b) then to ensure that all projects above the funding line meeting the priority system deadlines are funded (for at least the amount shown on the priority list); and
- c) then to fund other loans and/or increases on a first-come, first-served basis.

Any funds not obligated for these purposes may be made available for new loan awards ready to proceed on a first-come, first-served basis.

3. Match for Special Appropriations Project (SPAP) Grants

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

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

4. Subsidization from FFY-2026 Federal Appropriation

The FFY-2026 EPA Capitalization Grant mandates a minimum of 26% (12% SDWA Disadvantaged Communities Subsidy + 14% Congressional Subsidy) and maximum 49% (26% min + 23% discretionary SDWA Disadvantaged Communities Subsidy) of the Grant be provided as additional subsidization to disadvantaged communities. Based on the Grant of \$4,812,000, a minimum of \$1,251,120 (\$577,440 & \$673,680) in subsidization is required. The DWSIRLF's subsidization will be in the form of "Principal Forgiveness" (PF) to individual public water supplies that are considered disadvantaged communities, and which received reimbursements with Federal Cap grant funds during the construction of the project. If the amount of PF which a project is eligible exceeds the amount of Federal Cap grant funds which it received, the amount of PF extended will be limited to the amount of Federal Cap grant funds used for reimbursement.

Subsidization may be used over a two-year period. Subsidization remaining from a previous year may be awarded to loans which are eligible for PF over a two-year period. Subsidization for FFY-2026 may be awarded to projects eligible for PF in FFY-2026 and FFY-2027.

The Program reserves the right to designate specific projects as equivalency projects to satisfy federal capitalization grant requirements. Only projects designated as equivalency projects shall be subject to the full suite of federal cross-cutting authorities associated with equivalency funding. Subsidized projects that

are not designated as equivalency projects shall comply only with those federal requirements specifically applicable to the funding source used.

Disadvantaged Community Program

a. DWSRF Capitalization Grant funds

During FFY-2026, the following Principal Forgiveness (PF) methodology will be used to meet the requirements of both the America’s Water Infrastructure Act of 2018, the Consolidated Appropriations Act of 2020, and *Infrastructure Investment and Jobs Act of 2021* for providing subsidy for disadvantaged systems. A minimum of 26% subsidy will be made available and up to 49% can be subsidized to eligible recipients.

The amount of PF for which a potential “Loan Recipient” (LR) may be eligible will be determined by calculating the percentage of the “Median Household Income” (MHI) of the potential LR versus the MHI of the State of Mississippi (**\$54,915**) as a whole.

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

PF will be extended to projects until all mandated subsidy funds are obligated. Due to the limited amount of PF funds, the maximum amount of PF funds a loan recipient may receive for a project will be set at \$500,000. The amount of PF given will be assigned at loan award after the project goes to the bid phase. Once this happens, the amount of PF assigned can only change if the project’s costs increase, PF is still available, PF assigned has not reached the specified maximum, and the Board approves a waiver allowing additional subsidization. Once subsidy funds are depleted, only standard loans will be made with DWSIRLF funds.

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

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

If all projects have received their full allowable amount, returned PF funds may be reallocated to projects awarded PF during the existing fiscal year based on a

percentage of the individual LR's initial loan amount to the total loan amount of loans awarded PF during the fiscal year.

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

b. IJA Supplemental Funds

During FFY-2026, the following Principal Forgiveness (PF) methodology will be used to meet the requirements of the Infrastructure Investment and Jobs Act of 2021. The annual IJA Supplemental grant is to be subsidized at 49% with those subsidies as assistance agreements of 100% principal forgiveness or grants. Potential Loan Recipients ranked highest on the program's *Priority List* serving a population with a Median Household Income less than \$54,915 (MS MHI) will be eligible to receive 100% principal forgiveness loans to the extent funding allows. The FFY 2026 IJA Supplemental allotment for the Program is \$31,168,000. The maximum principal forgiveness (49%) allowable to eligible borrowers will be \$15,272,320.

B. Two-Part Loan Application Process

For projects evaluated under the FFY-2026 Intended Use Plan, the Program will continue to utilize the existing Facilities Plan and Loan Application process established in the 2017 DWSIRLF Program regulations. Projects included on the FFY-2026 Priority List were ranked and evaluated using this existing process.

This IUP introduces and describes a revised Two-Part Loan Application Process intended to streamline application requirements and improve project tracking and prioritization for future funding cycles. The revised process will apply to projects submitted after the effective date of the updated DWSIRLF Program regulations.

As part of implementing this approach, the Program intends to conduct an annual Call for Projects during the summer months to identify public water systems that may be interested in seeking DWSIRLF assistance in an upcoming funding cycle. The Call for Projects is intended only to notify the Program of potential projects and assist the Program in planning for future funding demand and does not constitute an application for funding or guarantee placement on the Priority List.

Projects must submit Part 1 – Project Information in order to be considered for placement on the Priority List. Part 1 will include the information necessary to evaluate project eligibility and determine priority ranking under the DWSIRLF Priority System. Submission of information during the Call for Projects does not constitute an application for funding and does not guarantee placement on the Priority List.

The Program will use this funding cycle to transition to the revised process and may

refine procedures based on program experience. Any changes to application procedures or submission deadlines will be communicated through future Intended Use Plans, program guidance, or public notices.

Call for Projects (Planning Tool)

The Program intends to conduct an annual Call for Projects during the summer months to assist in estimating funding demand and planning for future funding cycles.

Participation in the Call for Projects is voluntary and is not required for a project to be considered for funding. Submission of information during the Call for Projects does not constitute an application for funding and does not guarantee placement on the Priority List.

Part 1 – Project Information Submittal

Applicants seeking placement on the DWSIRLF Priority List must submit a Part 1 Project Information Form.

Part 1 shall include, at a minimum:

- Public Water System identification and ownership type;
- Description of the proposed project and scope of work;
- Estimated project cost;
- Public health or compliance need addressed;
- Population served;
- Preliminary schedule;
- Sufficient documentation to establish eligibility under the Safe Drinking Water Act
- Environmental information sufficient to initiate environmental review, including project location, potential environmental impacts, and identification of known environmental constraints; and
- Intergovernmental Review (IGR) documentation demonstrating compliance with applicable state clearinghouse or coordination requirements.

Part 1 submissions are used solely to determine eligibility, scoring, and placement on the Priority List forming the basis of the Intended Use Plan. Projects may be submitted through the Part 1 Project Information process at any time; however, only projects submitted by the established deadline will be considered for inclusion on the Priority List for that funding cycle.

2. Part 2 – Project Commitment and Readiness (Required for Loan Award)

Part 2 is required only for projects being considered for loan award and constitutes the applicant's formal commitment to proceed with loan execution. Part 2 shall include:

- Written confirmation of intent to accept DWSIRLF funding;
- Governing body authorization to incur debt;
- Final scope confirmation and updated cost estimates;
- Documentation of public hearing for the proposed project loan
- Required federal and state certifications; and
- Any additional documentation required prior to loan execution.

Completion of Part 2 is not required for inclusion on the Priority List. Part 2 must be completed for a project to be considered for loan award. No loan agreement shall be executed until the environmental review process required under federal and state law has been completed and a final environmental determination has been issued.

C. Priority System Categories

Emergency Projects

The Project Priority List may be amended during the year for declarations of emergencies designated by the Governor (pursuant to §33-15-11(b)(17)) or the State Health Officer (pursuant to §41-26-1 et sec.). The emergency project must meet all eligibility and loan requirements, but the additional public review and comment requirement may be waived. Once an emergency has been declared and the project is determined eligible, Emergency projects will take priority over all other project categories. Any emergency project must be documented in the DWSRF Annual Report and is subject to EPA oversight review.

Standard DWSRF Projects

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

1. *Category I - Segmented Projects*

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

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

2. *Category II - Previous Year Certified Projects*

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

3. *Category III - Primary Drinking Water Standards*

This category includes projects to facilitate compliance with Primary Drinking Water Standards. To qualify for this category, projects must correct deficiencies resulting in non-compliance with the primary drinking water standards. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project.

4. *Category IV - One Well*

This category includes projects to provide additional water supply to systems that have neither a backup well nor an MSDH-approved emergency tie-in to another system to ensure safe drinking water; thereby protecting the health of the existing population. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project.

5. *Category V – Pressure Deficiencies*

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

6. *Category VI - Source Water Protection Projects*

This category includes projects to manage potential sources of contaminants/pollutants and/or prevent contaminants/pollutants from reaching sources of drinking water. To be eligible for loan participation, potential contaminants/pollutants and source water protection areas must have been identified in the public water systems source water assessment plan report (swapr) prepared by the Mississippi Department of Environmental Quality's Groundwater Planning Branch (deq-gpb). If the public water system has not received its swapr from the deq-gpb yet, or has documentation that may change its swapr, it shall provide in the Part 1 Project Information suitable documentation of potential sources of contaminants/pollutants that is acceptable to the deq-gpb before the project will be deemed eligible.

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

7. *Category VII - System Capacity Expansion to Serve Existing Unserved Residences/Businesses*

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

8. *Category VIII - Back-up Water Supply Sources Projects*

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

9. *Category IX – Existing Facilities Upgrades (Meeting Primary Standards)*

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

10. *Category X - Fluoride Addition*

This category is for projects that either rehabilitate existing fluoride treatment facilities at well or treatment plant sites or add new facilities to existing well or treatment plants.

11. *Category XI - Secondary Drinking Water Standards Projects*

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

12. *Category XII – Consolidation Projects*

This category includes projects to consolidate separate systems into a single system for purposes other than those related to Categories II through IX. Consolidation will also be considered in establishing priority ranking within all categories, as described in the Priority Ranking Criteria in Section C.

13. *Category XIII – Other*

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

D. Priority Ranking Criteria

The criteria for ranking Standard DWSRF projects within each category is intended to give priority to projects that: (1) benefit the most people per dollar expended; (2) assist systems most in need on a per household affordability basis as required by the SDWA (3) use consolidation with other systems to correct existing deficiencies and improve management; (4) take into consideration the system’s current capacity; (5) encourage participation in short-term and long-term technical assistance programs; and (6) encourage an Asset Management Plan 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 Part 1 application submitted by the applicant; be defined as the sum of individual connections **currently experiencing deficiencies that will be corrected by the improvement**; and include only existing residences, businesses, and public buildings. Applicants must furnish information (including hydraulic analysis, if necessary) to support their estimate of the number of benefiting connections. The total eligible cost is in millions of dollars (i.e., \$800,000 = \$0.8 M).

2. *Affordability Factor*

An affordability factor will be assigned to each project to reflect the relative needs of applicants on a per household basis. The Benefit/Cost points calculated in Section C.1. will be adjusted using the affordability factor in the following formula:

$$\text{Adjusted Benefit/Cost Points} = (\text{Affordability Factor}) \times (\text{Benefit/Cost Points})$$

The affordability factor used in the calculation is defined as the ratio of the “Median Household Income” (MHI) for the State of Mississippi (\$54,915) to the MHI for the affected community. The affordability factor used in the calculation will be no less than 1.0 and no greater than 1.5.

3. *Consolidation*

Any project that includes consolidation (ownership and management) of separate existing systems into a single system will receive consolidation points equal to 0.5 times the Adjusted Benefit/Cost points assigned to the project. The purpose of assigning consolidation points is to promote reliability, efficiency and economy of scale that can be achieved with larger water systems while discouraging the proliferation of numerous separate small systems with their inherent inefficiencies and limitations. Projects, in any priority category, that do not include consolidation will receive zero consolidation points in the final calculation of total priority points.

$$\text{Consolidation Points} = 0.5 \times (\text{Adjusted Benefit/Cost Points})$$

4. *System Capacity*

Any project that includes scope of work to address critical design capacity issues (systems that are currently overloaded or within two (2) years of reaching their current design capacity, as determined by MSDH) will receive additional priority points equal to 25% of the Adjusted Benefit/Cost points assigned to the project. Documentation of the system capacity analysis and recommendations to address the design capacity issues must be addressed in the Part 1 application to be eligible for these additional priority points.

$$\text{System Capacity Points} = 0.25 \times (\text{Adjusted Benefit/Cost Points})$$

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

The MSDH, with the Board’s approval, has contracted with an org to provide both short-term and long-term assistance to designated water systems in the state based on their scores on the latest Capacity Assessment Form (CAF). This assistance is provided at no cost to the water systems.

Participation by the water systems in these assistance programs is voluntary; however, any water system that has participated in either of these assistance programs within the past two years will be eligible to receive additional priority points equal to 5% of their Adjusted Benefit/Cost Points. Water systems that have

implemented all the recommendations made by Mississippi State University Extension Service will receive additional priority points equal to 5% of their Adjusted Benefit/Cost Points for a total of 10%. Documentation of participation in either of these assistance programs and implementation of the recommendations made by Mississippi State University Extension Service must be included in the Part 1 application before additional priority points will be granted.

$$\text{Assistance Points} = \underline{\quad ** \quad} \times (\text{Adjusted Benefit/Cost Points})$$

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

5. *Asset Management Plan*

Any water system certifying and providing support of their Asset Management Plan's implementation or maintenance to MSDH will be eligible to receive additional priority points equal to 10% of their Adjusted Benefit/Cost Points.

$$\text{Asset Management Plan} = 0.10 \times (\text{Adjusted Benefit/Cost Points})$$

7. *Ranking Within Each Category*

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

$$\text{Total Priority Points} = \text{Adjusted Benefit/Cost Points} + \text{Consolidation Points} + \text{System Capacity Points} + \text{Assistance Program Points} + \text{Needs Survey Points}$$

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

8. *Small Community Set-Aside*

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

D. Priority System Deadlines

Projects included on the FFY-2026 Priority List were evaluated and ranked using the existing Facilities Plan and Loan Application process established in prior DWSIRLF

Program regulations. Accordingly, the Priority System deadlines in this section reflect the requirements of that existing process.

The revised Two-Part Loan Application Process described in Section VI.B will apply to projects submitted for future funding cycles following the effective date of the updated regulations.

A project will be considered ready to proceed when all requirements necessary for loan award and execution have been satisfied, including completion of all required application components, environmental review, and all required financial and administrative documentation..

1. By October 2, 2025, applicants seeking inclusion on the FFY-2026 Priority List must submit a complete Facilities Plan (or equivalent planning and project information documentation) to MSDH sufficient for project evaluation and ranking..

The loan applicant should provide a copy of the project information to USDA - Rural Utilities Service (RUS); if the loan applicant has an existing debt with RUS, their approval to incur the additional debt must be obtained and provided as part of the plan.

Any significant changes made to the Facilities Plan or submitted project information (i.e., changes in the chosen alternative location of the facility, cost increases that substantially affect the financial capability of the loan recipient) after this date will be considered the first submittal of the application. The loan applicant will then be in violation of the Priority System deadline, and the project will be placed on the planning portion of the Priority List. If the change is made after the adoption of the IUP, funds reserved for this project may be released and made available to other projects.

Applicants submitting the required Facilities Plan or project information after October 2, 2025, will be placed on the Planning List. Projects placed on the Planning List shall be funded in accordance with priority ranking order and availability of funds.

This deadline also applies to all projects competing for released funds during FFY-2026 and to be able to qualify for the Previous Year Certified Projects Category in the next FFY's IUP.

2. By May 1, 2026, all application components required for a project to be considered for loan award under the FFY-2026 funding cycle must be submitted to the Department. Prior to preparing these documents, the potential applicant and/or its registered engineer must request and receive a DWSIRLF application and guidance. It is recommended that they request a pre-application conference with

DWSIRLF staff as early in the application process as practical. This deadline also applies to all projects competing for released funds during FFY-2026 and to be able to qualify for the Previous Year Certified Projects Category in the next FFY's IUP.

3. By August 1, 2026, all approvable documents and responses to comments necessary for the loan award must be submitted to the Department for its review and approval. This deadline also applies to all projects competing for released funds during FFY-2026 and to be able to qualify for the Previous Year Certified Projects Category in the next FFY's IUP.

VII. FFY-2026 PRIORITY LIST

FINAL
Fiscal Year - 2026 Mississippi Drinking Water Systems Improvements
Revolving Loan Fund Program Priority List

Category	Project	Project Title	DC	Zip Code	Priority Points	Loan Funds Requested
00: Emergency	04700071 - Town of Byhalia	Emergency Project to address TCE Contamination	Y	38611	0	\$1,862,394
01: Segmented projects	0500008 - CITY OF PHILADELPHIA	Water Treatment Plant Improvements	Y	39350	1872	\$ 2,000,000
	0520008 - TOWN OF SHUQUALAK	Water System Expansion - Phase 2	Y	39361	54	\$ 1,162,423
02: Previous Year Certified Projects	0750004 - FISHER FERRY WATER DISTRICT	Clearwell Construction, High Service Pumps, and Existing Clearwell Renovations	N	39180	1887	\$ 1,240,620
	0460001 - BUNKER HILL WATER ASSOCIATION	Water System Improvements - 2026	Y	39429	729	\$ 1,966,700
	0570014 - SUNNYHILL WATER ASSOCIATION	Water System Improvements - 2026	Y	39649	640	\$ 2,495,400
04: One Well	0060016 - CITY OF ROSEDALE	Rosedale Water System Improvement Project	Y	38769	817	\$ 1,009,983
	0640012 - POPLAR SPRINGS WATER DISTRICT	Poplar Springs Water District Well	N	39114	199	\$ 2,532,000
	0540013 - MT OLIVET WATER ASSOCIATION	Water System Improvements for Mt. Olivet Water Association	Y	38606	110	\$ 4,002,513
	0490006 - NORTH DISTRICT 1 WATER ASSN.	Water System Improvements for North District One Water Association	N	38967	84	\$ 3,780,014
05: Pressure Deficiencies	0650011 - TOWN OF TAYLORSVILLE	FY2026 Water System Improvements	Y	39168	543	\$ 2,000,000
	0250021 - REEDTOWN WATER ASSN	SRF Elevated Storage Tank	Y	39175	502	\$ 3,072,500
07: Capacity Expansion to Serve the Unserved	0180012 - RAWLS SPRINGS UTILITY DISTRICT	Rawls Springs Utility District - FY26 DWSIRLF	Y	39402	720	\$ 2,000,000
	0210004 - NEELY UTILITIES	Neely Utilities - FY26 DWSIRLF	Y	39461	95	\$ 2,000,000
08: Back-up Water Supply Sources Projects	0510006 - TOWN OF HICKORY	New Well/ Elevated Tank/ Pipe Extension	N	39332	289	\$ 4,283,958
	0340006 - HATTEN WATER ASSN	New Water Well	N	39168	212	\$ 2,896,343
09: Existing Facilities Upgrades (Meeting Primary Standards)	0180008 - CITY OF HATTIESBURG	Rehabilitation of Water Plant No. 1, Phase 3	Y	39403	4091	\$ 5,573,133
	0610017 - CITY OF PEARL	Water System Improvements	Y	39208	3720	\$ 5,000,000
	0750011 - YOKENA-JEFF DAVIS WATER DISTRICT	SRF Distribution Improvements	N	39180	893	\$ 1,260,000

0430001 - BOGUE CHITTO WATER ASSOCIATION	Elevated Tank Rehabilitation & Linework	N	39629	822	\$ 1,230,000
0030024 - NORTHEAST AMITE WATER ASSN	100,000 Gallon Elevated Tank	N	39666	772	\$ 1,000,000
0640006 - CITY OF MAGEE	City of Magee - FY26 DWSIRLF	Y	39111	440	\$ 4,000,000
0060012 - TOWN OF MERIGOLD	2026 Water System Improvement Project	Y	38759	384	\$ 1,008,140
0610008 - FANNIN WATER ASSN-NORTH	Water System Improvements	N	39047	358	\$ 4,610,934
0190006 - SIXTOWN WATER ASSOCIATION	100,000 Gallon Elevated Tank	Y	39653	354	\$ 1,000,000
0820028 - MIDWAY W/A #3	New Treatment Plant	Y	39039	281	\$ 2,700,000
0060002 - TOWN OF BENOIT	2026 Water System Improvement Project	Y	38725	279	\$ 1,000,000
0590009 - TOWN OF JUMPERTOWN	Water System Improvements	Y	38829	257	\$ 2,458,600
0060006 - CITY OF CLEVELAND	2026 Water System Improvement Project	Y	38732	221	\$ 2,016,906
0610021 - TOWN OF PUCKETT	New Water Well	N	39151	202	\$ 1,950,000
0340021 - CITY OF LAUREL	Water System Improvements	Y	39441	14	\$ 8,290,000
					\$ 81,402,561

Notes: See section VI.B. of this document for more details. Applications exceeding a loan request of \$5,000,000 require further approval by the Board. See section IV.C.1 of this document.

DC column references Disadvantaged Communities. Y signifies yes and N signifies no. The principle forgiveness received will be based on the process outlined for the cap grant allotments. See section VI.A.5a & 5b.

The Funding line will be set to \$90M.

FFY-2026 Planning List

FINAL

Fiscal Year - 2027 and After Planning List

Mississippi Drinking Water Systems Improvements Revolving Loan Fund Program

Projects included on the Planning List did not meet all submission deadlines, are not projected to be ready to proceed during the FFY, 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 submitted Request for Ranking Form.

A determination of a project’s program eligibility cannot be completed until sufficient documentation has been submitted to the Department to evaluate eligibility in accordance with program requirements

Category	Project	Project Name	Zip Code	Priority Points	Loan Funds
04: One Well	0490006 - NORTH DISTRICT 1 WATER ASSN.	Water System Improvements	38967	84	\$ 3,780,014
05: Pressure Deficiencies	0730006 - CITY OF NEW ALBANY	Water System Distribution Improvements	38652	1406	\$ 1,600,000
	0220002 - G T & Y WATER DISTRICT INC	Distribution Improvements for GT&Y Utility District	38901	376	\$ 4,302,456
	0690006 - STRAYHORN W/A-CROCKETT	Water System Improvements for Strayhorn	38668	271	\$ 5,000,000
	0100008 - SIMPSON WATER ASSOCIATION #1	Water System Improvements	39772	210	\$ 3,090,000
07: Capacity Expansion to Serve the Unserved	0340019 - SOUTHWEST JONES W/A-NORTH	Waterline Improvements Project	39459	2725	\$ 1,200,000
	0230065 - HANCOCK COUNTY WATER & SEWER	Bayside Water System Improvements	39556	1778	\$ 2,714,625
	0240272 - HARRISON COUNTY UTILITY AUTHORITY-EAST	Lorraine Road Water Main Extension	39503	683	\$ 823,800
	0230071 - HANCOCK COUNTY WATER & SEWER- BAYSIDE	Bayside Water System Improvements	39556	93	\$ 4,986,117
	0240277 - WEST HARRISON WATER & SEWER DISTRICT	Phase 3 Water Improvements - Edwin Ladner Rd	39571	44	\$ 3,368,737
	0090010 - SPARTA WATER ASSOCIATION #1	Waterlines & Water Tank Foundation Upgrades	39776	37	\$ 2,000,000
08: Back-up Water Supply Sources Projects	610003 - CITY OF BRANDON	BRANDON INDUSTRIAL PARK WATER WELL	39042	29276	\$ 737,800
	0780005 - CITY OF EUPORA	Water Supply and Storage Improvements	39744	593	\$ 4,442,000
	0540011 - INDEPENDENCE WATER ASSOCIATION	500 GPM Well	38606	429	\$ 2,010,000
	0540013 - MT OLIVET WATER ASSOCIATION	Water System Improvements for Mt. Olivet	38606	110	\$ 4,002,513
09: Existing Facilities Upgrades (Meeting Primary Standards)					

0140002 - CLARKSDALE PUBLIC UTILITIES	SRF Water System Improvements	38614	4755	\$	3,106,245
0130008 - CITY OF WEST POINT	City of West Point Rehab	39773	4345	\$	4,160,000
00330005 - LILY ROSE W/A #1	Systemwide AMR Installation	39474	2055	\$	683,750
0230001 - CITY OF BAY ST LOUIS	Elevated Water Storage Tank	39520	1437	\$	3,016,250
0180011 - CITY OF PETAL	New Well and Elevated Tank	39465	1210	\$	4,191,000
0420010 - EAST LEFLORE WATER & SEWER DST	Water System Improvements	38930	1048	\$	3,010,963
0450006 - CANTON MUN UTL	CMU Water Treatment Plant Replacement and Modernization Project	39046	943	\$	10,000,000
0230001 - CITY OF BAY ST LOUIS	Waterline Improvements	39520	798	\$	5,429,250
0220008 - POOR HOUSE W/A #1	Poorhouse Supply & Storage Imp	38901	719	\$	2,662,350
0550006 - CITY OF POPLARVILLE	Water Improvements	39470	635	\$	2,458,400
0180011 - CITY OF PETAL	Waterline Replacement	39465	470	\$	4,191,000
0720024 - TUNICA COUNTY UTILITY DISTRICT		38676	412	\$	5,773,890
0260012 - TOWN OF PICKENS	Water System Improvements	39146	234	\$	2,572,535
0240270 - HCUA-WEST	North South Loop Water Main	39503	57	\$	4,409,000
				\$	99,722,695

Note: See section VI.B. of this document for more details. Applications exceeding \$5,000,000 require further approval by the Board. See section IV.C.1 of this document.

VIII. EXPECTED PUBLIC HEALTH OUTCOMES & PERFORMANCE MEASURES

The objective of this program is to disperse all available loan and grant funds in a timely manner to achieve the public health protection benefits resulting from the projects identified in the FFY-2026 IUP, and to ensure compliance with loan agreements, as required by state and federal laws and regulations.

By implementing the FFY-2026 IUP and funding projects shown on the FFY-2026 Priority List (Section VII), the Board will have the means to plan for and fund projects that will address serious public health risks facing the public water supply systems in the State. Funding for the systems' projects will depend on the amount of funding available and the spending and budget authorities imposed on the Program for FFY 2026.

The success of the DWSIRLF Program will be defined by the ability of the MSDH to successfully meet commitments in the FFY-2026 DWSRF Work Plan.

Additionally, most of the projects, as proposed, should have minimal impact on the environment due to the nature of their design. Where necessary, appropriate environmental reviews will occur and proper permitting through the Mississippi Department of Environmental Quality will be required to ensure minimal impact on the environment.

APPENDICES

APPENDIX A

**DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND PROGRAM
ANTICIPATED FUNDS REPORT - APRIL 2026
FFY-2026 (OCT. 1, 2025 - SEPT. 30, 2026)**

Funding (Federal and State)		
National Title I DWSRF Appropriation - Mississippi's Allotment	+	\$4,812,000
State Match Required (20% of Mississippi's Allotment)	+	\$962,400
SRF Supplemental Allotment	+	\$31,168,000
State Match Required (20% of Mississippi's Allotment)	+	\$6,233,600
Capitalization Grant for DWSRF w IIJA Supplemental	=	\$43,176,000
State Match Status		
State Match Required	+	\$7,196,000
Legislated State Match (HB))	-	\$8,300,000
Remaining State Match Required	=	(\$1,104,000)
Cap Grant Set-Asides		
DWSRF Administrative Expenses [SDWA Sec. 1452(g)(2) - 4%]	+	\$192,480
Small Systems Technical Assistance [SDWA Sec. 1452(g)(2) - 2%]	+	\$96,240
Local Assistance and Other State Program [SDWA Sec. 1452(k)(2) - 15%]	+	\$481,200
State Program Management [SDWA Sec. 1452(g)(2) -10%]	+	\$481,200
IIJA Administrative Expenses [SDWA Sec. 1452(g)(2) - 4%]	+	\$495,112
IIJA Small Systems Technical Assistance [SDWA Sec. 1452(g)(2) - 2%]	+	\$623,360
IIJA Local Assistance and Other State Program [SDWA Sec. 1452(k)(2) - 15%]	+	\$2,636,800
IIJA State Program Management [SDWA Sec. 1452(g)(2) -10%]	+	\$1,091,235
Total Cap Grant Set-Asides	=	\$6,097,627
Cap Grant Funds Available for Loan Obligation		
DWSRF Capitalization & IIJA Supplemental Grants	+	\$43,176,000
Cap Grant Set-asides	-	(\$1,251,120)
IIJA Supplemental Set-asides	-	(\$4,846,507)
Total Cap Grant Funds Available for Loan Obligation	=	\$37,078,373
Funds Anticipated to be Available for Loan Awards		
Cap Grant Federal and State Funds Anticipated to be Available for Loan Obligation	+	\$37,078,373
Unobligated Funds Carried Over from FFY-2025	+	\$97,622,893
Loan Repayments (P&I) Deposited to the Fund	10/01/25 - 09/30/26	+
Interest Earned on Deposits to the Fund	10/01/25 - 09/30/26	+
Loan Increase Reserve	-	(\$2,000,000)
Total Funds Anticipated to be Available for Loan Awards	=	\$152,030,616
Funds Needed for Projects on the Priority List & After Planning List		
Funds Needed for Priority List & the After Planning List	+	\$181,125,256
Funds Anticipated to be Available for Loan Awards	-	\$90,000,000
Total Fund Need Remaining for Projects	=	\$91,125,256

**APPENDIX B - PROJECTED SCHEDULE OF OUTLAYS
FOR CAPITALIZATION GRANT SET-ASIDES**

FFY 2026 Cap Grant & IIJA Supplemental

Federal Set-Asides	FFY 2025 Q1	FFY 2025 Q2	FFY 2025 Q3	FFY 2025 Q4	Totals
<u>Administrative</u>	\$48,120	\$48,120	\$48,120	\$48,120	\$192,480
	\$123,778	\$123,778	\$123,778	\$123,778	\$495,112
<u>Small System Tech Assist.</u>	\$24,060	\$24,060	\$24,060	\$24,060	\$96,240
	\$155,840	\$155,840	\$155,840	\$155,840	\$623,360
<u>Local Asst. & Other St. Programs</u>	\$120,300	\$120,300	\$120,300	\$120,300	\$481,200
	\$659,200	\$659,200	\$659,200	\$659,200	\$2,636,800
<u>State Program Management</u>	\$120,300	\$120,300	\$120,300	\$120,300	\$481,200
	\$272,809	\$272,809	\$272,809	\$272,809	\$1,091,235
<u>Base Cap. Grant Total:</u>	\$312,780	\$312,780	\$312,780	\$312,780	\$1,251,120
<u>IIJA Supplemental Cap. Grant Total:</u>	\$1,211,627	\$1,211,627	\$1,211,627	\$1,211,627	\$4,846,507
<u>Total:</u>	\$1,524,407	\$1,524,407	\$1,524,407	\$1,524,407	\$6,097,627

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

FFY-2025			
FFY-2025	1 st Quarter	\$3,414,500	\$3,414,500
Cap Grant	FFY-2026	\$7,795,250	\$7,795,250
No. 1 of 4			\$11,209,750
FFY-2025	2nd Quarter	\$3,414,500	\$6,829,000
Cap Grant	FFY-2026	\$7,795,250	\$15,590,500
No. 2 of 4			\$22,419,500
FFY-2025	3rd Quarter	\$3,414,500	\$10,243,500
Cap Grant	FFY-2026	\$7,795,250	\$23,385,750
No. 3 of 4			\$33,629,250
FFY-2025	4th Quarter	\$3,414,500	\$13,658,000
Cap Grant	FFY-2026	\$7,795,250	\$31,181,000
No. 4 of 4			15,000
			\$44,854,000

FFY-2026			
FFY-2026	1 st Quarter	\$1,203,000	\$1,203,000
Cap Grant	FFY-2027	\$7,792,000	\$7,792,000
No. 1 of 4			\$8,995,000
FFY-2026	2nd Quarter	\$1,203,000	\$2,406,000
Cap Grant	FFY-2027	\$7,792,000	\$15,584,000
No. 2 of 4			\$17,990,000
FFY-2026	3rd Quarter	\$1,203,000	\$3,609,000
Cap Grant	FFY-2027	\$7,792,000	\$23,376,000
No. 3 of 4			\$26,985,000
FFY-2026	4th Quarter	\$1,203,000	\$4,812,000
Cap Grant	FFY-2027	\$7,792,000	\$31,168,000
No. 4 of 4			
			\$35,980,000

**APPENDIX D - PROJECTED SCHEDULE OF DRAWDOWNS AGAINST FEDERAL
LETTER OF CREDIT
(ACH DRAW SCHEDULE)**

FFY-2025

<u>Quarter</u>	<u>Federal Outlay Amount</u>	<u>Cumulative Outlay Amount</u>
1 st Quarter	\$3,414,500	\$3,414,500
	\$7,795,250	\$7,795,250
2nd Quarter	\$3,414,500	\$6,829,000
	\$7,795,250	\$15,590,500
3rd Quarter	\$3,414,500	\$10,243,500
	\$7,795,250	\$23,385,750
4th Quarter	\$3,414,500	\$13,658,000
	\$7,795,250	\$31,181,000
		\$15,000
		\$44,854,000

FFY-2026 Funding Available

<u>FFY-2027</u>	<u>Federal Outlay Amount</u>	<u>Cumulative Outlay Amount</u>
1 st Quarter	\$1,203,000	\$1,203,000
	\$7,792,000	\$7,792,000
2nd Quarter	\$1,203,000	\$2,406,000
	\$7,792,000	\$15,584,000
3rd Quarter	\$1,203,000	\$3,609,000
	\$7,792,000	\$23,376,000
4th Quarter	\$1,203,000	\$4,812,000
	\$7,792,000	\$31,168,000
		\$35,980,000

APPENDIX E - MISSISSIPPI SMALL SYSTEMS TECHNICAL ASSISTANCE SET-ASIDE WORK PLAN

INTRODUCTION

The Mississippi State Department of Health (MSDH), Bureau of Public Water Supply (Department), proposes to use the Small Systems Technical Assistance Set-Aside of the DWSRF in an assistance and training program directed at improving the technical, managerial, and financial capabilities of small community public water systems in the state. The goal of this program is to assure that assistance is provided to all small community public water systems that require such assistance to maintain adequate technical, financial, and managerial capabilities necessary to comply with requirements of the SDWA.

SELECTION PROCESS

The current technical assistance contracts expire on June 30, 2026.

Prior to the expiration of the existing contracts an Invitation for Bids (IFB) for the technical assistance contracts will be sent out to potential contractors. All proposals will be evaluated by the Department and recommendations for award will be presented to the Board (at a regularly scheduled Board meeting); all contracts will be awarded.

The contracts for technical assistance are currently awarded to:

- Small Systems Technical Assistance (long-term and intermediate technical assistance) – Communities Unlimited;
- Board Management Training Monitoring and Coordination for Water System Officials - Mississippi State University Extension Service;
- Hands-On Operator Training - MS Water and Pollution Control Operators Association;
- PEER Review Program for Public Water Supplies - MS Water and Pollution Control Operators Association;
- Asset Management - MS Water and Pollution Control Operators Association.

PROGRAM ACTIVITIES

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

Small Systems Technical Assistance:

Comprehensive and Intermediate technical assistance shall be provided to an equivalent of twelve (12) small public water systems annually.

1. Long-term technical assistance:

Comprehensive assistance must be provided to a minimum of six (6) small public water systems for the contract period. The MSDH – Bureau of Public Water Supply will provide the contractor a list of systems that are to receive this assistance. Within 30 days of the start date for that contract year, the contractor will identify, with the help of MSDH, systems that will receive comprehensive technical assistance, complete an initial assessment of the needs of each system and develop a work plan for each water system. The contractor shall submit an assessment and work plan for each system to MSDH for approval prior to initiating technical assistance. MSDH shall use its latest report of Capacity Ratings of Public Water Systems, along with the recommendations of MSDH staff and the contractor, to identify those public water systems that are to receive this assistance.

Activity Objective - provide long-term on-site comprehensive technical assistance to resolve problems identified by contractor. A minimum of six (6) systems will be chosen from a prepared list.

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

2. Intermediate technical assistance:

This assistance is selective in nature and consists of one or more additional contact or non-contact hours for public water systems previously receiving short-term assistance or systems not requiring comprehensive long-term assistance. Selection of systems will be based on the list supplied by MSDH for the remaining public water systems from the initially prepared list.

Intermediate technical assistance projects will be counted toward the minimum twelve (12) required comprehensive projects at a ratio of 2:1 (two intermediate projects will be the equivalent of one comprehensive project).

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

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

Coordination and Monitoring of Board Management Training for Water System Officials:

Section 41-26-101 of the Mississippi Code of 1972, Annotated, states “Each member elected or reelected after June 30, 1998, to serve on a governing board of any community public water system, except systems operated by municipalities with a population greater than ten thousand (10,000), shall attend a minimum of eight (8) hours of management training within two (2) years following the election of that board member. If a board member has undergone training and is reelected to the board, that board member shall not be required to attend training. The management training shall be organized by the MSDH. The management training shall include information on water system management and financing, rate setting and structures, operations and maintenance, applicable laws and regulations, ethics, and the duties and responsibilities of the association and other organizations. The Department shall develop and provide all training materials. To avoid board members having to interfere with their jobs or employment, management training sessions may be divided into segments and, to the greatest extent possible, shall be scheduled for evening sessions. The Department shall conduct management training on a regional basis.” The contractor shall: serve as the coordinator for MSDH in regards to all activities related to the implementation of the training program in the state; randomly attend training sessions to ensure the established curriculum is being followed and that the curriculum is relevant and effective; manage the Board Member Training Curriculum Review Committee; continue to update the established computerized database to accurately track the most current status of each board member attending the program; and other related duties.

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

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

Hands-On Operator Training:

The Contractor will provide practical, applied, “hands-on” training for public water system operators in the State of Mississippi. MSDH defines hands-on operator training for the purposes of this contract as training that provides functional instruction in the necessary skills and knowledge to be able to better fulfill the job requirements of a drinking water system

operator. The hands-on training will include a comprehensive approach (lecture plus physical, hands-on sessions with equipment) for all operators attending the training. Trainings are to include equipment/props pertinent to the training topic(s) as a part of the training discussion.

Activity Objectives - Provide a minimum of fourteen (14) hands-on operator training sessions within the year.

Reporting/Evaluation - written quarterly reports using a format approved by MSDH on Hands-On Operator Training. The reports shall include but are not limited to: a) details of sessions conducted; b) number of attendees and their comments; c) related problems that occurred during or as a result of a training session and any solution(s); d) an itemized list of the costs incurred by the training organization; and e) other related items. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

Peer Review Assistance:

Through the use of trained volunteers, this assistance will be conducted on-site with the systems either selected from a list provided to the contractor by MSDH or with prior MSDH approval. A cooperative agreement between the contractor and the Mississippi Water and Pollution Control Operators' Association will help provide qualified volunteers to serve as peer review team members. There will be a goal of a minimum of fourteen (14) Peer reviews per contract year with a minimum of three (3) peer reviews per quarter. Each volunteer shall be paid \$75 per day for each actual peer review in which the volunteer participates. The contractor will maintain a directory of trained volunteers.

Activity Objectives - provide short-term (less than 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.

Asset Management Training:

The Contractor will provide practical, applied, asset management training for public water system operators in the State of Mississippi using the guidance provided by the EPA in its publication titled “Asset Management: A Best Practices Guide”. Training will be provided at three different locations in the state, one per Public Health Region and will be provided at no cost to attendees.

Activity Objectives - provide asset management training to water system operators statewide.

Reporting/Evaluation - written quarterly reports using a format approved by MSDH. The reports shall include but are not limited to: a) details of sessions conducted; b) number of attendees and their comments; c) related problems that occurred during or as a result of a training session and any solution(s); d) an itemized list of the costs incurred by the training organization; and e) other related items. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

AGENCY RESPONSIBILITIES

The MSDH will conduct Small Systems Technical Assistance Set-aside activities through Board approved contracts with providers who will be selected following procedures of the State of Mississippi’s Department of Finance and Administration Public Procurement Review Board. Contracts of a regulatory nature will be handled solely by MSDH. All providers will report to and be responsible to the MSDH for all contract activities. No additional full-time equivalent (FTE) requirement is anticipated for state agencies to implement the provisions of this set-aside.

Circuit Rider Set-Aside:

The Contractor will provide practical, on-site technical, managerial, and financial (TMF) capacity support to public water systems serving populations of less than 10,000 and represents an evolution of MSDH’s prior small-system assistance activities by establishing a structured, field-based program that delivers consistent statewide coverage and measurable outcomes, while maintaining eligibility under Section 1452(g)(2) of the Safe Drinking Water Act. The Circuit Rider Program will assist systems through on-site troubleshooting of treatment and distribution issues; guidance in sampling, reporting, and asset-management documentation; and mentoring for operators and managers, particularly at under-resourced systems. The program may also support lead-service-line inventory development, source-water protection, emerging-contaminant sampling, and other capacity-development needs. Circuit Riders will not perform routine operations for systems but will train and guide system staff to build local capacity and compliance capability. This activity complements existing initiatives funded under the 15 percent Local Assistance and Other State Programs set-aside, which include capacity development, asset management, GIS data development, and pilot projects for water-loss reduction. The program aims to assist at least 25 small systems each year and provide a minimum of 100 training or mentoring engagements. Expected benefits include measurable

improvements in small-system performance, reduced non-compliance events, stronger managerial and financial practices, enhanced asset-management capacity, and improved readiness for infrastructure investment.

Activity Objectives - provide asset management training to water system operators statewide.

Reporting/Evaluation - written quarterly reports using a format approved by MSDH. The reports shall include but are not limited to: a) List of Systems engaged b) details of sessions conducted; b) number of attendees and their comments; c) related problems that occurred during or as a result of a training session and any solution(s); d) an itemized list of the costs incurred by the training organization; and e) other related items. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

AGENCY RESPONSIBILITIES

The MSDH will conduct Small Systems Technical Assistance Set-aside activities through State approved contracts with providers who will be selected following procedures of the State of Mississippi's Department of Finance and Administration Public Procurement Review Board. Contracts of a regulatory nature will be handled solely by MSDH. All providers will report to and be responsible to the MSDH for all contract activities. No additional full-time equivalent (FTE) requirement is anticipated for state agencies to implement the provisions of this set-aside.

**APPENDIX F - Mississippi State Program Management
Set-Aside Annual Work Plan**
Section 1452(g)(2) - Safe Drinking Water Act Amendments of 1996

**PUBLIC WATER SYSTEM MANAGEMENT PROGRAM
BACKGROUND**

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

After reviewing the Draft FFY-2026 Intended Use Plan (IUP) by the Local Governments & Rural Water Systems Improvements Board (Board), the Board will authorize the publication of a legal notice in *The Clarion-Ledger* for the IUP. The notice will request the public to provide comments on the Draft FFY-2026 Intended Use Plan (IUP). The IUP reserves 10% of the state's Drinking Water State Revolving Fund (DWSRF) capitalization grant for the State Program Management activities to support the MSDH PWSS Program as allowed under Section 1452(g)(2) of the SDWA Amendments of 1996.

After a public notice period of at least twenty-five (25) days, an oral proceeding will be held to receive and consider comments from the public on the Draft IUP. After the resolution of any comments from the public, the Final FFY-2026 IUP will be presented to the Board for adoption at their next scheduled Board meeting. After adoption by the Board, a second filing with the Secretary of State's Office occurs. The Final FFY-2026 IUP will be effective thirty (30) days from the date of the second filing with the Secretary of State's Office.

FUNDING AMOUNT (Standard Capitalization Grant)

The state reserves 10% of the FFY-2026 DWSRF capitalization grant as a set-aside for State Program Management activities of the PWSS Program. The reserved amount will offset the salary, fringe, and indirect cost expenses of a portion of the PWSS personnel positions in the PWSS Program.

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

The state projects twenty-eight (28) full time equivalents (FTE) will be required to implement the FFY-2026/2027 PWSS Program.

GOALS, OBJECTIVES, OUTPUT, AND DELIVERABLES

One of the set-asides authorized under the 1996 SDWA amendments is the management of the state program, which can be funded by up to 10% of the federal allotment. These funds will support public water system supervision program activities as required to maintain state primacy and to support the activities of the DWSIRLF. MSDH's PWSS Work Plan outlines in detail the aspects of the PWSS that are supported by this set-aside. Items covered by the

set-aside include: (1) State Primacy Requirements, (2) Non-Primacy Requirements, and (3) Auxiliary Services.

Primacy Requirements

As required to maintain state primacy, MSDH maintains the PWSS programs on an ongoing or as-needed basis. These programs include: revising current primacy programs by adopting new Federal regulations as needed; coordinating for Mid-Year and End-of-Year review with EPA Regional Office; maintaining a sanitary survey program with discrepancy follow-up; participating in state data verification audits; ensuring public water systems (PWSs) are utilizing approved laboratories and a certification program for those laboratories is in place; participating in the EPA Regional oversight; operating in accordance with requirements of the National Primary Drinking Water Regulations; maintaining an active water system design and construction plan and specification review program; ensuring labs used by PWSs within the state are capable of the workload created by regulations; participating in PWS and PWSS training on rule requirements; informing EPA Region 4 of any special state initiatives under the rules or provisions of the SDWA; maintaining records for all rule/policies, enforcing reporting and record keeping as required; maintaining appropriate administrative penalty authority; implementing the PWS definition; attending State/EPA planning and implementation meetings; ensuring that newly permitted PWSs have design/construction capable of compliance with the present and upcoming SDWA regulations; ensuring analytical methods are being applied to demonstrate compliance with the regulations; notifying (if necessary) EPA of intent not to adopt or implement any portion of the rules; and responding to EPA requests for information or verification of state rules implementation.

Additionally, MSDH will provide annual summaries of the status of each effective variance and exemption to EPA; community PWSs that are allowed to monitor less frequently than monthly; and non-community PWSs that are allowed to monitor less frequently than quarterly to EPA. MSDH will also oversee and enforce requirements for rules and regulations adopted with approved federal primacy. These regulations include the SDWA and all applicable rules present and future, primacy packages, and extension agreements of the SDWA.

Non-primacy Requirements

In addition to the requirements of the PWSS program, monies from this set-aside provide support to activities that are of a non-primacy nature. Those activities are not required to maintain state primacy. However, to run a highly effective, efficient program and most importantly protect the public health, these activities are vital.

Capacity Development (CD) Program

As required by the SDWA, each state is required to develop and implement a Public Water System Capacity Development Program in order to receive full funding annually under the DWSRF Program. Public water system capacity assessment is a full evaluation of the PWS's technical, managerial, and financial ability to provide safe drinking water to

its customers by complying with all state and Federal regulations. In accordance with the Federal requirements, MSDH has developed and implemented a CD program for both new and existing PWSs. The MSDH CD program takes the form of a rating that each community water system (CWS) and non-transient non-community water system (NTNCWS) receives at their annual sanitary survey. The criteria used in the rating system incorporate laws, regulations, and other valuable information to evaluate the areas of technical, managerial, and financial capacity. The program is also designed to evolve from year-to-year through an annual meeting of an advisory committee that will make suggestions as to possible changes and/or additions to the rating criteria. As required by regulation, an annual report is made to the Governor on the efficacy of the strategy and progress towards improving the capacity of PWSs in the state. Additionally, annual documentation of ongoing implementation of the CD strategy is to be provided with DWSRF Capitalization Grant application.

Unregulated Contaminant Monitoring Rule

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

Operator Certification

As mandated by the SDWA to maintain full funding for the DWSIRLF, operator certification is an essential part of the PWSS program. Activities required to maintain the operator certification program include providing documentation and evaluation of ongoing program implementation for all annual program submittals subsequent to the initial submittal; supply as required certification of changes and documentation of those changes 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. Beginning on December 1, 2009, all groundwater systems began either **Source Water Monitoring** or **4-Log Compliance Monitoring**. Additionally, Mississippi is required to conduct routine sanitary surveys of all public water systems and identify significant deficiencies. The Rule also requires systems to take corrective actions for significant deficiencies and for source water fecal contamination.

Auxiliary Services

These services include various aspects related to data management, compliance, and enforcement of the PWSS Program.

Information Management and the Safe Drinking Water Inspection System (SDWIS)/Fed Reporting

These ongoing activities include: overseeing and enforcing requirements of data management and the Safe Drinking Water Inspection System (SDWIS) /Fed reporting; reporting the state's PWSS inventory at least annually to SDWIS/Fed; reporting the state's violations and enforcement actions at least quarterly; participating in EPA/state data managers conference calls; identifying the data manager and alternate for the purpose of making secure transmissions of data intended for SDWIS/Fed through EPA's Central Data Exchange; establishing and following quality assurance procedures to ensure that PWS data eventually entered in SDWIS/Fed is of the highest reliability and maximum value to the public.

Inspection Strategy

This activity includes overseeing and enforcing the regulatory requirements.

Management System for Non-compliant Systems

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

Rule Task Force

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

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

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

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

SCHEDULE FOR COMPLETING ACTIVITIES

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

AGENCY RESPONSIBILITIES

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

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of State Program Activities will be defined by the ability of the MSDH to successfully meet commitments in the PWSS Work Plan. Quarterly and annual reports/submittals required by the PWSS program include documentation and evaluation of ongoing program implementation and success in meeting stated commitments.

**APPENDIX G - LOCAL ASSISTANCE AND OTHER STATE PROGRAMS
ANNUAL WORK PLAN**

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

INTRODUCTION

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

SELECTION PROCESS

The contract for coordination of the decommissioning/properly closing inactive water wells/open holes was bid and awarded; the current contract runs until June 30, 2026. A new contract for the decommissioning/properly closing inactive water wells/open holes is currently being developed in accordance with new State contracting requirements.

An Invitation for Bids (IFBs) for the coordination of the decommissioning/properly closing inactive water wells/open holes was sent to qualified potential contractors. Bids received were reviewed by the Department to select the lowest and best bid for the agency. Recommendations for award of a contract were presented to the Board at their regularly scheduled Board meeting; following authorization by the Board, the coordination contract was awarded.

The contracts for the coordination and decommissioning/properly closing inactive water wells/open holes currently reside as following:

The first contract (the coordination contract) - Engineering Service.

The second contract (closure contract) – is currently being developed in accordance with new State contracting requirements.

PROGRAM ACTIVITIES

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

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

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

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

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

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing Local Assistance and Other Program activities under this work plan will be established by set contractual dates.

AGENCY RESPONSIBILITIES

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

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

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

APPENDIX H - DRINKING WATER SYSTEMS EMERGENCY LOAN FUND PROGRAM

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

The basic provisions of this program are: 1) a current interest rate of 2.0%; 2) a maximum single loan amount as determined by the Board; 3) a maximum repayment period of five (5) years; and 4) the project must meet the definition of an emergency as established in the program regulations. It is also important to note that loan recipients do not pay interest during the original construction period (capitalized interest), and that loan repayments do not begin until after project completion.

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

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

APPENDIX I - CERTIFICATIONS

In addition to the assurances included below, the state acknowledges that there are additional assurances that the state has agreed to in both the Operating Agreement between the State and EPA Region IV and the annual capitalization grants. These two documents are hereby incorporated into this IUP by reference.

1. The state certifies that all drinking water facility projects in this IUP identified in Section VII as being subject to the federal cross-cutting requirements are or will be in compliance with all such requirements prior to the state entering into an assistance agreement with the recipient.
2. The state certifies that it will make an annual report to the Regional Administrator on the actual uses of the funds and how the state has met the goals and objectives for the previous two fiscal years as identified in the IUPs; and to annually have conducted an independent audit of the funds to be conducted in accordance with generally accepted government accounting standards.
3. The state certifies that this IUP will be subjected to public review and comment prior to final submission to EPA. The state certifies that it will follow the “Mississippi Administrative Procedures Law” in seeking public review and comments on this IUP. A copy of the “Mississippi Administrative Procedures Law” can be obtained from the Mississippi Secretary of State’s Office and can be found on the Mississippi State Department of Health’s website at www.healthhms.com/dwsrf.

Through this public review process, the State, Board, and Program hope to include a diverse set of potentially interested parties, including community groups, neighborhood associations, environmental organizations, environmental justice organizations, and public health groups, that represent a broad spectrum of community interests.

An oral proceeding will be held to receive written and oral comments on this IUP. A transcript of the public hearing recording the comments and recommended solutions will be submitted to EPA along with the Final IUP. Anyone desiring to receive a copy of the oral proceeding transcript should contact Jonathan Diaz, Program Support Specialist, at (601) 576-7518 to request copies.

4. The state certifies that all drinking water facility projects in this IUP are on the project Priority List developed pursuant to the requirements of Section 1452(b)(3)(B), SDWA.
5. The state certifies that it will enter into binding commitments for 120% of the amount of each payment (LOC) under the capitalization grant within one year after receipt of each payment (LOC).
6. The state certifies that it will commit and expend all Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program monies as efficiently as possible, and to disburse the funds in a timely and expeditious manner.

7. The state certifies that it will conduct environmental reviews on all DWSIRLF crosscutter equivalency projects in accordance with the State Environmental Review Process (SERP).
8. The state certifies that prior to adding any new projects to the “FFY-2026 Priority List and After Planning List” for the purpose of funding such a project during FFY-2026 that the state will follow the “Mississippi Administrative Procedures Law” in amending this IUP to allow for public review and comments.
9. The state certifies that it has developed and implemented a Capacity Development (CD) strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity as required in Section 1420(c) of the 1996 Amendments to the SDWA. This CD program is currently approved by EPA.
10. The state certifies the State’s Operator Certification Program is currently approved by EPA.
11. THE STATE IS COMMITTED TO AND ENSURES THAT PROGRAM’S ACTIVITIES COMPLY WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

APPENDIX J – INFRASTRUCTURE INVESTMENT AND JOBS ACT

Sections of the Infrastructure Investment and Jobs Act (H.R. 3684) that impact the Drinking Water SRFs:

I. **Funding**

The bill appropriates \$30.713 billion for the Drinking Water State Revolving Funds (SRFs) over five years. (This is actual funding.) (See Division J – Appropriations, Title VI Department of Interior, Environment and Related Agencies, State and Tribal Assistance Grants: Starts on page 2,565 of the bill.)

II. **Reauthorization & Policy**

The bill includes The Drinking Water and Wastewater Infrastructure Act (S. 914) which reauthorizes funding levels for the SRFs and amends SRF provisions in the Clean Water Act and the Safe Drinking Water Act. (See Division E – Drinking Water and Wastewater Infrastructure: Starts with Section 50001 on page 1,887 of the bill.)

III. **Buy America / Buy American**

The bill expands domestic preference procurement provisions for programs across government, including the SRFs. (See Division G – Other Authorizations, Title IX Build America, Buy America: Starts with 70901 on page 2,303 of the bill.)

I. **Funding**

The bill provides three pots of funding for SRFs over the next five years:

- Any Eligible Project:
 - \$11,713,000,000 for the Drinking Water SRF for any eligible project.
- Lead Remediation:
 - \$15 billion for the Drinking Water SRF for lead service line replacement, including planning, identification, and design (includes inventories).
- Emerging Contaminants Remediation:
 - \$4 billion for remediation of emerging contaminants with a focus on PFAS/PFOA for the Drinking Water SRF.

Key points for this supplemental appropriation:

- Funding is intended to be in addition to annual appropriations.
- Funding is available “until expended.”
- State match is not required for appropriations dedicated to lead service line replacement and remediation of emerging contaminants.
- State match is 10% for 2022-2023 and 20% for 2024-2026 for appropriations for any eligible project.
- 100% of the capitalization grant for emerging contaminants must be used for additional subsidy. A flat 49% of the annual capitalization grant for any eligible project and lead service line replacement must be used for additional subsidy.

- Additional subsidy must be provided in the form of assistance agreements with 100% principal forgiveness or grants.

Year	Drinking Water SRF Any Eligible Project	State Match	Mandated Additional Subsidy
2022	\$1,902,000,000	10%	49%
2023	\$2,202,000,000	10%	49%
2024	\$2,403,000,000	20%	49%
2025	\$2,603,000,000	20%	49%
2026	\$2,603,000,000	20%	49%
Total	\$11,713,000,000		
Year	Drinking Water SRF Emerging Contaminants	State Match	Mandated Additional Subsidy
2022	\$800,000,000	0%	100%
2023	\$800,000,000	0%	100%
2024	\$800,000,000	0%	100%
2025	\$800,000,000	0%	100%
2026	\$800,000,000	0%	100%
Total	\$4,000,000,000		
Year	Drinking Water SRF Lead	State Match	Mandated Additional Subsidy
2022	\$3,000,000,000	0%	49%
2023	\$3,000,000,000	0%	49%
2024	\$3,000,000,000	0%	49%
2025	\$3,000,000,000	0%	49%
2026	\$3,000,000,000	0%	49%
Total	\$15,000,000,000		
Total	\$30,713,000,000		

II. Reauthorization & Policy

The bill includes The Drinking Water and Wastewater Infrastructure Act of 2022 (S. 914) which passed the U.S. Senate on Thursday, April 29, by a vote of 89 – 2 (9 not voting). The bill contained the following provisions. (Policy provisions apply to annual appropriations, not supplemental appropriations in the bill.)

Funding

- Reauthorizes Drinking Water SRFs at the same levels for the next five years:
 - 2022: \$2.4 billion
 - 2023: \$2.75 billion

- 2024: \$3 billion
 - 2025 and 2026: \$3.25 billion
- Reauthorizes SWIFIA: \$5 million annually for the next five years, 2023 through 2026.

Additional Subsidy

- Defines additional subsidization as “forgiveness of principal, grants, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt” for both SRFs and excludes loans with 0% or higher interest are not additional from being considered additional subsidy.
- Mandates minimum additional subsidy for as long as there are eligible applications:
 - Drinking Water SRFs: Increases additional subsidy from 6% to 12% of the capitalization grant for additional subsidy for disadvantaged communities.

III. Buy America / Buy American

The legislation also expands domestic preference procurement requirements for SRF projects from American Iron and Steel to construction materials and manufactured products.

**APPENDIX K - LOCAL ASSISTANCE AND OTHER STATE PROGRAMS
ANNUAL WORK PLAN**

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

INTRODUCTION

The Mississippi State Department of Health (MSDH), Bureau of Public Water Supply (Department), will use the Local Assistance and Other State Programs Set-aside of the DWSRF in a Consolidation Regionalization assistance program. The program will be surveying the State's drinking water system to identify, plan, and assist water systems in consolidation or regionalization to create a more sustainable model that best serves the consumers of Mississippi's drinking water.

SELECTION PROCESS

The contract for coordination of the program will run on a State Fiscal Year Basis. A contract is currently being developed in accordance with State contracting requirements.

A Request for Qualifications will be advertised statewide. Qualifications received will be reviewed by the Department to select the best qualified candidate for the agency. Recommendations for award of a contract will be presented to the Board at their regularly scheduled Board meeting; following authorization by the Board, the coordination contract will be awarded.

PROGRAM ACTIVITIES

The activities described herein will be accomplished through a four-part process: **identification** of potential consolidation or regionalization opportunities; **communication** with public water supply; **mobilization** of contractor to identified site to develop plans and specifications; and **confirmation** that the work has been performed.

Identification – The contractor will survey the State's drinking water system to identify water systems that would benefit from consolidation or regionalization to create a more sustainable model that best serves the consumers of Mississippi's drinking water.

Communication – Staff from the contractor will meet with system officials to inform them of the program, explain what consolidation or regionalization looks like for their system, and encourage them to consider the possibility of taking advantage of funding through our program.

Mobilization – Once the communication phase has been completed and the system request to move forward, staff of the contractor will mobilize to the selected site and commence with the plan and design of the proposed project.

Confirmation – Staff of the contractor will provide the BPWS Regional Engineers with drafts of the plans and specifications.

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing Local Assistance and Other Program activities under this work plan will be established by set contractual dates.

AGENCY RESPONSIBILITIES

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

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of this set-aside will be defined by the ability of the MSDH through the solicited contractor(s) to identify, plan, and assist water systems in consolidation or regionalization to create a more sustainable model that best serves the consumers of Mississippi's drinking water.