

**STATE OF MISSISSIPPI**  
**LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD**  
Title 33: Public Health - Local Governments & Rural Water Systems Improvements Board  
Part 16: Drinking Water Systems Improvements Revolving Loan Fund Program Regulations

**STATE OF MISSISSIPPI**  
**DRINKING WATER SYSTEMS IMPROVEMENTS**  
**REVOLVING LOAN FUND PROGRAM**

**DISASTER RELIEF SUPPLEMENTAL APPROPRIATION**  
**INTENDED USE PLAN - AMENDMENT**

Approved by the Board  
3/29/2024



**MISSISSIPPI STATE DEPARTMENT OF HEALTH**

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**LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS**

**IMPROVEMENTS BOARD**

**P. O. BOX 1700 SUITE U-232**

**JACKSON, MISSISSIPPI 39215-1700**

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**STATE OF MISSISSIPPI**  
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 Title 33: Public Health - Local Governments & Rural Water Systems Improvements Board  
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**DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND**

**DISASTER RELIEF SUPPLEMENTAL APPROPRIATION  
 INTENDED USE PLAN**

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## I. INTRODUCTION

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

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

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

As a condition of receiving the DWSRF Cap grants, the SDWA requires that each state annually prepare an Intended Use Plan (IUP) designed to outline how a state will utilize DWSRF funds to assist in protecting public health. The DWSIRLF Fund consists of both state and federal funds. Federal funds are provided to the states in the form of awarded Cap grants. Each state's allotment of those grants is based on EPA's Needs Survey that is performed every four years. State matching funds totaling 20% of the federal grant amount to that state are required to be deposited into the Fund and have historically been provided through the issuance of bonds; 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) 2023 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, 2022. 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.

## **C. Disaster Relief Supplemental Appropriation – City of Jackson**

The Consolidated Appropriations Act, 2023, (H.R. 2617 p.759), provided additional funding for the Clean Water and Drinking Water State Revolving Funds (SRFs) and the U.S. Environmental Protection Agency (EPA) to address national disasters and emergencies. Congress provided \$450 million in Drinking Water SRF to States or Territories in EPA Region 4 in amounts determined by the Administrator in areas where there the President declared an emergency in August of fiscal year 2022 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). Other than the City of Jackson's public drinking water systems (i.e., PWS ID MS0250008 a surface water system and PWS ID MS0250012 a groundwater system, and appurtenant treatment, storage, and distribution facilities'), the program knows of no other recipient eligible to receive funding related to this appropriation. **The law waives match requirements and requires 100% of funding to be used as additional subsidy in the form of principal forgiveness, grants, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt or any combination.** The Act also authorizes the EPA to retain up to \$1 million of the appropriation for administrative management and oversight. For ease of reference, the State of Mississippi and EPA will refer to this appropriation as the City of Jackson – Supplemental Appropriation.

## D. 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 follows 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.

By means of a memorandum, the Board and the Program will notify interested parties through a mass email and post on DFA’s Public Meeting Notices site ([MISSISSIPPI PUBLIC MEETING NOTICES \(ms.gov\)](https://www.ms.gov/mississippi-public-meeting-notices)) when the public comment period has been established. Written comments on this document must be received at the address shown below or [SRF.drinkingwater@msdh.ms.gov](mailto:SRF.drinkingwater@msdh.ms.gov). Please include an email contact in any written communication. The Program will use it to provide confirmation of receipt and feedback as necessary.

Local Governments and Rural Water Systems Improvements Board  
Attn: Lee Alford, Director, DWSRLF Program  
Mississippi State Department of Health (MSDH)  
570 East Woodrow Wilson Avenue, Suite U-222 (Underwood Building)  
Post Office Box 1700  
Jackson, Mississippi 39215-1700

Additionally 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 March 21, 2024.*** A transcript 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 Jonathan Diaz, Program Support Specialist, at (601) 576-7518. A copy of the “Mississippi Administrative Procedures Law” may be obtained from the Mississippi Secretary of State’s Office and can also be found on the Mississippi State Department of Health’s website at [www.healthys.com/dwsrf](http://www.healthys.com/dwsrf).

## II. Goals

The Board has established short-term and long-term goals for the City of Jackson – Supplemental Appropriation. These goals will support EPA’s Objective 5.1 “Ensure Safe Drinking Water and Reliable Water Infrastructure” in the EPA Strategic Plan (FY 2022-2026).

### A. Short-Term Goals

1. Assure that these funds are used effectively for drinking water infrastructure projects intended to resolve high priority public health concerns and/or reliability of service concerns as well as other regulatory agency concerns.

2. Assure that all funds are expended in an expeditious and timely manner to projects that will provide the most benefit or will increase the resiliency of the area.
3. Assure the fiscal, technical, and managerial integrity of the program by preventing waste, fraud, and abuse. Projects will be inspected as necessary to make certain projects are constructed correctly and efficiently.

#### **B. Long-Term Goals**

1. To finance projects that will contribute to an improved drinking water distribution system and treatment facilities in the areas where the President declared an emergency in August of fiscal year 2022 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121et seq.)
2. To maximize the effectiveness of these funds in providing more resilient systems preparing them for future natural disasters while minimizing the impact of such events.
3. To allow eligible debt relief to improve the affected areas' financial capacity to build a sustainable and equitable water financing solution.

### **III. Structure of the Mississippi DWSIRLF**

The Mississippi DWSIRLF is structured to help it achieve the short-term and long-term goals of the specific program's outcome as outlined by its IUP. Funds are broken down into designated accounts, each having a specific function.

#### **A. SRF Awards**

Monies in the awards 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 award, eligible costs incurred are reimbursed to the recipient.

1. Types of Eligible Projects:

Many types of projects are eligible for funding by the Program. For a more detailed explanation of eligible costs for projects, please reference the EPA DWSRF Eligibility Handbook.

2. Set-aside Accounts:

The set-aside accounts reside under the umbrella of the Fund and are distinctly designated by reporting categories. The set-asides available through a DW SRF capitalization grant are as follows:



- 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
- d. Local Assistance and Other State Programs

## **B. DWSIRLF State Match Funds**

No match is required for this appropriation.

## **IV. FINANCIAL STATUS**

This section outlines all sources of funding available from the City of Jackson – Supplemental Appropriation and indicates intended uses.

### **A. Source and Use of Funds**

The Consolidated Appropriations Act, 2023, (H.R. 2617 p.759), provided additional funding for the Clean Water and Drinking Water State Revolving Funds (SRFs) and the U.S. Environmental Protection Agency (EPA) to address national disasters and emergencies. Congress provided \$450 million in Drinking Water SRF to States or Territories in EPA Region 4 in amounts determined by the Administrator in areas where there the President declared an emergency in August of fiscal year 2022 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). The law waives match requirements and requires 100% of funding to be used as additional subsidy in the form of principal forgiveness, grants, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt or any combination. Per the terms of the Consolidated Appropriations Act, 2023, EPA will retain up to \$1 million of the City of Jackson – Supplemental Appropriation for administrative management and oversight.

### **B. Financial Terms of Loans**

The Consolidated Appropriations Act, 2023, (H.R. 2617 p.759), provided additional funding for the Clean Water and Drinking Water State Revolving Funds (SRFs) and the U.S. Environmental Protection Agency (EPA) to address national disasters and emergencies. Congress provided \$450 million in Drinking Water SRF to States or Territories in EPA Region 4 in amounts determined by the Administrator in areas where there the President declared an emergency in August of fiscal year 2022 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). **The law waives match requirements and requires 100% of funding to be used as additional subsidy in the form of principal forgiveness,**

**grants, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt or any combination.**

**V. Set-Aside Activities**

The SDWA allows each state to set-aside up to 31 percent of its federal Cap grant to support non-project-related drinking water programs which includes administration of the loan program, technical assistance to public water systems, state program management, and other special activities.

**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 a portion of the allowable "Administrative" set-aside from the Appropriation. Preliminarily, the State would like to staff an administrative coordinator and a project manager to help facilitate this funding at an estimated cost of \$750,000 over 6 years.

**B. Small System Technical Assistance**

The state is not authorized to take this set-aside since the City of Jackson does not meet the small system criteria.

**C. State Program Management**

The state does not intend to use this set-aside. Further coordination with recipient may determine the necessity of this funding at a later date.

**D. Local Assistance and Other State Programs**

The state does not intend to use this set-aside. Further coordination with recipient may determine the necessity of this funding at a later date.

**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. ensure compliance with the SDWA requirements.

3. assist areas most in need, on a per household basis.

## A. Priority Ranking 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 like 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 B. **Due to the nature of the special appropriation Category I & Category II are not applicable.**

#### *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.

#### *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.

#### *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.

*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 facilities plan suitable documentation of potential sources of contaminants/pollutants that is acceptable to the deq-gpb before the project will be deemed eligible.

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

*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.

*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.

*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.

*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.

*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.

*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.

*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.

**B. 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 the facilities plan submitted by the applicant; be defined as the sum of individual connections

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

2. *Affordability Factor*

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

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

The affordability factor used in the calculation is defined as the ratio of the “Median Household Income” (MHI) for the State of Mississippi (\$49,111) 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 facilities plan 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 Mississippi State University Extension Service 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 facilities plan before additional priority points will be granted.

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

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

1. *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 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.

## VII. Equivalency Requirements

All City of Jackson – Supplemental Appropriation funds are federal funds and therefore all equivalency requirements apply to projects they are used to finance. One exception to this rule is the Build America, Buy America (BABA) Act. EPA has determined that the requirements of the BABA Act do not apply to the City of Jackson – Supplemental Appropriation and the projects on this IUP.



VIII. PRIORITY LIST

**Supplemental Appropriation  
Priority List**

<b>Project</b>	<b>Project Description</b>	<b>Priority Points</b>	<b>Service Area Population</b>	<b>Loan Amount Requested</b>	<b>Statewide Cum. \$</b>
<b>Category III: Primary Drinking Water Standards Projects</b>					
Jackson, City of	Intake Structure Repair	11099	155,000	\$5,500,000	\$5,000,000
<b>Category IX: Existing Facilities Upgrade (Meeting Primary Standards)</b>					
Jackson, City of	Chemical Feed Repair	2755	155,000	\$24,000,000	\$29,500,000
Jackson, City of	Distribution System Optimization	1734	155,000	\$54,500,000	\$84,000,000
Jackson, City of	Small Diameter Pipe Replacement	1665	155,000	\$30,000,000	\$114,000,000
Jackson, City of	Treatment Process Renewals	735	155,000	\$90,000,000	\$204,000,000
<b>Category XIII: Other</b>					
Jackson, City of	Debt Retirement - SRF Loan 2	1586	155,000	\$14,562,349	\$218,562,349
Jackson, City of	Debt Retirement- SRF Loan 3	1586	155,000	\$18,410,826	\$236,973,175

\*Loan 3's balance drawn is \$18,410,826. Loan 3 is an active project with pending disbursement/draws.

**Note: All projects appearing on the IUP are associated with this public drinking water system. Projects listed above are based in good faith from representation provided by the borrower. The program is a reimbursement program. Request for reimbursement will be reviewed to ensure conformity with eligibility requirements and compliance with applicable state and federal laws and regulations before funds are reimbursed.**

## **VIII. EXPECTED PUBLIC HEALTH OUTCOMES & PERFORMANCE MEASURES**

The objective of this program is to disperse all available funds in a timely manner to achieve the public health protection benefits resulting from the projects identified in the Disaster Relief Supplemental Appropriation of 2023 IUP, and to ensure compliance with loan agreements, as required by state and federal laws and regulations.

By implementing the IUP and funding projects shown on the Priority List (Section VII), the Board will have the means to plan for and fund projects that will address the most serious public health risks facing the affected area. Funding of projects will be determined by the amount of funding awarded.

The success of the funding will be defined by the ability of the MSDH to successfully meet commitments in this DWSRF Work Plan.

Additionally, the projects 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: CITY OF JACKSON WORKPLAN FOR THE SUPPLEMENTAL APPROPRIATION

The information following this paragraph is the City of Jackson’s proposed work plan developed by the court appointed Interim Third-Party Manager as submitted to the program. Elements of this work plan (including debt relief) will be moved to the IUP’s Priority List once the EPA and the State have determined that the project/activity is eligible for assistance through this appropriation/ DW SRF program.

Source	Priority Project No.	Description	Total	2023	2024	2025
SRF Omni	5.a.v	Distribution System Optimization	\$ 54.5	\$ 4.5	\$ 30.0	\$ 20.0
SRF Omni	10	Intake Structure Repair	\$ 5.5	\$ 2.0	\$ 3.5	
SRF Omni		Find and Fix Water Leaks	\$ 24.0		\$ 12.0	\$ 12.0
SRF Omni		Chemical Feed Repair OBC	\$ 24.0		\$ 24.0	
SRF Omni		Treatment Process Renewals	\$ 90.0		\$ 40.0	\$ 50.0
SRF Omni		Small Pipe Replacement	\$ 30.0	\$ 10.0	\$ 10.0	\$ 10.0
SRF Omni		Retire Private Debt	\$ 160.0	\$ 160.0		
SRF Omni		Retire SRF	\$ 60.0	\$ 60.0		
SRF Omni		EPA Administration/Technical Assistance	\$ 2.0	\$ 1.2	\$ 0.4	\$ 0.4
		<b>TOTAL SRF OMNIBUS</b>	<b>\$ 450.0</b>			

### City of Jackson Water System (JXN Water) SRF Priority List for FY 2024

Utility	Description	Zip Code	Service Area Population	Loan Amount 2024	Total Project Cost
Jackson Water	Debt Retirement	39215	155000	\$220M	\$220M
Jackson Water	Find and Fix Water Leaks	39215	155000	\$12M	\$24M
Jackson Water	Distribution System Optimization	39215	155000	\$34.5M	\$54.5M
Jackson Water	Intake Structure Repair OBC	39215	155000	\$5.5M	\$5.5M
Jackson Water	Chemical Feed Repair OBC	39215	155000	\$24M	\$24M
Jackson Water	Treatment Process Renewals	39215	155000	\$40M	\$90M
Jackson Water	Small Diameter Pipe Replacement	39215	155000	\$20M	\$30M
Jackson Water	EPA Admin/Technical Assist	39215	155000	\$1.6M	\$2.0M
			<b>Totals</b>	<b>\$357.6M</b>	<b>\$450M</b>

Note: “Loan Amount 2024” is sum of 2023 + 2024 columns from table above.

### INTRODUCTION

The City of Jackson received a direct appropriation through the Consolidated Appropriations Act, 2023 to be administered under the Section 1452 of the Safe Drinking Water Act as follows:

*For an additional amount for “State and Tribal Assistance Grants”, \$450,000,000, to remain available until expended, for capitalization grants under section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12): Provided, That notwithstanding section 1452(a)(1)(D) of the Safe Drinking Water Act, funds appropriated under this paragraph in this Act shall be provided to States or Territories in EPA Region 4 in amounts determined by the Administrator in areas where there the President declared an emergency in*

*August of fiscal year 2022 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.): Provided further, That notwithstanding the requirements of section 1452(d) of the Safe Drinking Water Act, for the funds appropriated under this paragraph in this Act, each State shall use 100 percent of the amount of its capitalization grants to provide additional subsidization to eligible recipients in the form of forgiveness of principal, grants, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt or any combination thereof: Provided further, That the funds provided under this paragraph in this Act shall not be subject to the matching or cost share requirements of section 1452(e) of the Safe Drinking Water Act: Provided further, That the Administrator of the Environmental Protection Agency may retain up to \$1,000,000 of the funds appropriated under this paragraph in this Act for management and oversight.*

## **PROJECT SELECTION PROCESS**

On November 29, 2022, Henry T. Wingate, United States Federal District Judge in the United States District Court for the Southern District of Mississippi (Northern Division) signed an Interim Stipulated Order in Case No. 3-22-cv-00686-HTW-LGI, the United States of America v the City of Jackson, Mississippi. This order appointed an Interim Third-Party Manager (ITPM) to control the drinking water system in Jackson, serving the residents of Jackson, the town of Byram, and a portion of Hinds County. The Order also included a list of priority projects that were to be completed by the ITPM as expeditiously as possible to ensure safe and reliable drinking water remains available to all customers, at all times. These projects have been programmed with other available funding in the Financial Management Plan developed by the ITPM in January 2023 and those programmed for funding through the State Of Mississippi, Drinking Water Systems Improvements, Revolving Loan Fund Program (SRF) in 2024 are included in this appendix.

## **PROGRAM ACTIVITIES**

**Debt Retirement:** The water enterprise in Jackson is currently heavily burdened with debt from private bond issuances dating back to the early 1990's. These bonds were refinanced multiple times with no benefit to the water system. Additional series were issued in from 2013 through 2015 to finance the new billing and AMI metering project. The total outstanding private bond debt is around \$175M with approximately \$20 million of debt service annually through 2041. Additionally, the enterprise is carrying \$115M in SRF debt that adds another \$4M annually to debt service requirements.

The Financial Management Plan calls for retirement of all debt as soon as possible with a portion of the direct appropriation from the Consolidated Appropriations Act, 2023. Retirement of all debt removes the \$23M of annual debt service and allows the utility to begin building reserves and generating cash to be used to reinvest in a "pay-as-you-go" method. Long-term financial strength and stability is the key to ensuring the Jackson Water System remains reliable and safe for generations to come. The model shows the Jackson Water System building reserves to 90 days, cash on hand, by 2029, while generating over \$20M annually for PAY-GO reinvestment. **Over the 20-year planning period, the \$290M investment in debt retirement will generate more than \$340M in capital to reinvest in the system and avoid more than \$100M in interest payments.**

Because debt was issued for the water and sewer system, much of the outstanding private debt has not been able to be clearly unraveled to determine DWSRF eligibility. The 2013 Series of private bond debt, however, appears to be eligible as it provided the funding for the Siemens metering and billing system

performance contract. The payoff is estimated at \$75 million. Additionally, the DWSRF outstanding debt is clearly eligible with an outstanding balance of approximately \$35 million. Thus, the FY 2024 IUP has included \$220 million for debt retirement.

The City of Jackson received other funding for water system repairs through other programs, some of which must be obligated in short order. As a result of those funds, more than \$135M is programmed. This level of capital investment will stretch the capacity of the local contracting community and the ability to coordinate and manage such an aggressive program by the ITPM.

Without putting the Jackson Water System on a sustainable financial path through debt retirement, the one-time Federal funding through the Consolidated Appropriations Act, 2023, is at serious risk of not meeting expected service life and the system needing another one-time appropriation in 10 to 15 years. This investment (debt retirement) is akin to “teaching Jackson to fish” as opposed to just providing fish for today’s meal.

### **Find and Fix Water Leaks**

The find and fix program in Jackson is a coordinated effort between JXN Water, consultants, and multiple contractors to locate and repair water leaks throughout the distribution system. The list of leaks are initiated through sources such as known historical leaks, leaks called into JXN Water by private citizens, and leaks observed by contractors and others visual scanning the Jackson system. The list of leaks is prioritized and directed through consultants and scheduled with an appropriate contractor based on availability, capability, and the complexity of the work. Consultants will provide daily oversight through construction inspection for documenting, tracking, and conformity to construction standards. Separate paving contractors will also be engaged to follow behind to restore roadways.

### **Distribution System Optimization**

As solutions are identified in the analysis process, this program will design and construct the specific projects required to balance and maintain pressures. These solutions may be significant capital projects or smaller tactical investments and operating changes. Until the analysis is complete, no new investments can be added to the system. Repairs and replacements will continue during this period.

### **Intake Structure Repairs (OB Curtis)**

The intake structure at the Ross Barnett Reservoir has fallen into a state of disrepair. The building that houses needed chemical feed equipment and water quality monitoring sensors needs replacement to protect those systems from the weather. Full water quality sensing at the intake allows operators to see changing raw water conditions to prepare treatment processes for changing water chemistry. Additionally, new flow-paced chemical feed equipment can be directly informed by the raw water data collected at the intake structure, ensuring reliable treatment, and minimizing chemical use. The chemical feed at the intake structure is not functional currently. Feeding chemical at the intake reduces build-up of marine growth in the intake pipes and reduces loading on the screens in the plant.

### **Chemical Feed Repair (OB Curtis)**

The chemical feed and disinfection systems and supporting facilities at the O. B. Curtis WTP need to be replaced with safer and more reliable systems. The current systems do not support reliable operation of

the WTP process for safe, reliable, and sustainable drinking water. Aluminum chloralhydrate (coagulant), sodium permanganate (oxidizer), coagulant aid polymer, and fluoride system will be replaced with similar processes. The disinfection systems will be transitioned from gas to liquid feeds. The existing chlorine gas system will be replaced with an on-site hypochlorite generation system to feed hypochlorite and the existing ammonia gas system will be replaced with a liquid ammonium sulfate system.

### **Treatment Process Renewals**

As part of the third-party operation and maintenance of the water treatment plants, a comprehensive process review was conducted to ascertain process improvements required to maintain safety and reliability. This assessment identified various projects that need to be implemented to address condition, reliability, and capacity constraints. The projects include residual handling system upgrades, granular media filter rehabilitation, electrical system replacement, SCADA and cybersecurity upgrades, rapid mix, flocculation and sedimentation rehabilitation and upgrades, raw water pipeline rehabilitation, and clearwell rehabilitation.

### **Small Diameter Pipe Replacement**

A significant factor in the challenges to maintain pressure and water quality in the distribution system is the over 100 miles of piping in the Jackson Water System that is less than 6 inches in diameter, with a majority of that 2-inch diameter galvanized pipe. All small diameter piping needs to be replaced with a minimum of 6-inch diameter pipe. This will improve localized pressure issues, meet current fire protection standards, and will improve aesthetic qualities of the water (taste, odor, color) in homes and businesses served by these 2-inch pipes. This program will replace the 2-inch through 4-inch diameter mains as well as service lines back to the edge of the public rights-of-way. The work will be coordinated with funding for wastewater system improvements to allow replacement of sewer lines in the same streets at the same time – preventing streets from being opened twice.

### **SCHEDULE FOR COMPLETION**

This program is scheduled to begin immediately and continue through 2029 with additional funding phases in future fiscal year programs. The 2024 plan presented here will obligate \$357.6M by September 30, 2024. The entire \$450M appropriation will be obligated by 2029.

### **EVALUATION PROCESS**

These investments will be evaluated through the reduction in the need to issue large precautionary boil water notices (more than 500 customers impacted) as well as improved permit compliance at the water treatment facilities.

Financially, the evaluation will be the days cash on hand and the amount of PAY-GO generated each year.

## APPENDIX B - 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 grants associated with the Disaster Relief Supplemental Appropriation of 2023. 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 comply 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](http://www.healthhms.com/dwsrf).

Through this public review process, the State, Board, and Program hope to include a diverse set of potential 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 100% 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 monies as efficiently as possible, and to disburse the funds in a timely and expeditious manner.



7. The state certifies that it will conduct environmental reviews on all DWSIRLF cross-cutter equivalency projects in accordance with the State Environmental Review Process (SERP).
8. The state certifies that prior to adding any new projects to this “Priority List” for the purpose of funding such a project by this appropriation 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. EPA has approved the current CD program.
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