



STATE OF MISSISSIPPI
PHIL BRYANT
GOVERNOR
MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
GARY C. RIKARD, EXECUTIVE DIRECTOR

MEMORANDUM

TO: Mayors, Public Works Directors, Presidents of County Boards of Supervisors, County Administrators, Water/Wastewater/Utility District/Authority Directors, Consulting Engineers, and Other Interested Parties

FROM: MS Department of Environmental Quality (MDEQ)
Office of Pollution Control
Surface Water Division/Construction Branch

SUBJECT: **Water Pollution Control Revolving Loan Fund (WPCRLF)**
FY-2018 Priority System/Funding Schedule/Supplemental Guidance Reminder
FY-2018 Funds Availability
Additional Subsidy Funding In FY-2018
Green Project Solicitation
Emergency Loan Funding
Matrix of Additional Funding Sources

DATE: March 15, 2017

FY-2018 PRIORITY SYSTEM/FUNDING SCHEDULE

Now is the time to begin project planning for the FY-2018 funding cycle. If you are an eligible loan applicant (any county, municipality, public utility, authority, district, political subdivision or other governmental units created under state law) and are interested in receiving WPCRLF loan funding for a wastewater, stormwater, or non-point source pollution control project, please note the following actions that need to be taken in order for your project(s) to be considered for funding during FY-2018:

As Soon As Possible, procure the services of a Mississippi-licensed professional engineer and, if necessary, request and attend a pre-planning conference with MDEQ staff. **Please note that Federal Procurement now applies to engineering services.** All WPCRLF-funded contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services are now required to be negotiated in the same manner as a contract for architectural and engineering services is negotiated under 40 U.S.C. 1101 et seq.

By May 15, 2017, complete and submit an FY-2018 “Ranking Form.”

Note: If a Ranking Form was previously submitted, but the project was not funded, and the previously submitted information doesn't need to be updated, a new Ranking Form does not need to be submitted. But you must contact our Program Support Coordinator, Greg Eiler (contact information below), as soon as possible to confirm that we have the previous Ranking Form information, and that the project will be proceeding in FY-2018.

By June 15, 2017, complete and submit the draft facilities plan to the Inter-Governmental Review (IGR) agencies for their review and comments. The draft facilities plan may also be submitted to MDEQ at this time, in order to expedite the review.

By August 15, 2017, provided you have received the IGR agency comments, publish a public notice for the project public hearing (at least 30 days prior to the hearing date) in a local newspaper. The notice/hearing must give the public an opportunity to review and comment on the proposed project and to examine all environmental review documents.

By September 15, 2017, hold the public hearing.

By October 15, 2017, [Priority System Deadline] submit a complete WPCRLF facilities plan to MDEQ:

The facilities plan must be prepared in accordance with the WPCRLF Loan Program regulations effective for loans on or after December 19, 2004, and the supplemental guidance for FY-2016 and after projects (described below). Only those projects which meet this October 15, 2017, deadline will be ranked on the FY-2018 Priority List. Those with late or incomplete plans which do not meet the deadline will be listed on the FY-2019 and After Planning List.

By March 1, 2018, [Priority System Deadline] a completed WPCRLF loan application and all associated documents required by the WPCRLF regulations and the supplemental guidance for FY-2016 and after projects (described below) must be submitted to MDEQ.

By August 1, 2018, [Priority System Deadline] all approvable documents and responses to MDEQ comments necessary for loan award must be submitted to MDEQ for review and approval.

SUPPLEMENTAL GUIDANCE FOR FY-2016 AND AFTER PROJECTS

Please remember that the supplemental guidance document entitled, “GUIDANCE FOR WATER POLLUTION CONTROL REVOLVING LOAN FUND PROJECTS FUNDED BEGINNING FEDERAL FY 2016 (OCTOBER 1, 2015, AND AFTER),” must be used in conjunction with the previously existing program checklists/guidance and WPCRLF Regulations to ensure that all currently applicable program requirements are met. This supplemental guidance document is available for viewing/downloading on MDEQ's WPCRLF Program webpage.

FUNDS AVAILABILITY FOR FY-2018

Available WPCRLF funds in any given year consist of repayments from previous years' loans, EPA capitalization grants (which are based on Mississippi's allotment of the annual CWSRF Congressional appropriations), and the state matching funds required to secure the capitalization grants. WPCRLF repayments currently total ~\$30 million per year, capitalization grant amounts are typically ~\$12 million to \$13 million per year, and the required state match (20% of the capitalization grant) ~\$2.4 million to \$2.6 million per year. Additional funds may also become available due to loan decreases, early payoff of existing loans, and unobligated funds carried over from the prior year. Depending on federal appropriations, and the amount of state match funding authorized by the Legislature, we currently anticipate FY-2018 funds availability to be in the range of \$50 million to \$75 million.

ADDITIONAL SUBSIDY FUNDING MAY BE AVAILABLE IN 2018

We also anticipate that some subsidy ("principal forgiveness") funding will be available during FY-2018; but, it is difficult to predict in what amounts at this time. Again, depending on federal appropriations, and the amount of state match funding authorized by the Legislature, approximately \$3.5 million of additional subsidy funding could be available from the FY-18 capitalization grants. The following "affordability criteria" has been established to determine the subsidy eligibility and ranking of projects:

- 1) The community must be a "Small/Low Income Community" with a population of 3,000 or less, and Median Household Income (MHI) of \$30,000 or less.
- 2) If the community's population is confirmed to have been declining for the last three consecutive years, it will receive one "subsidy point."
- 3) If the community's unemployment rate is confirmed to have been increasing for the last three consecutive years, it will receive one "subsidy point."
- 4) If the project is confirmed to be in an economically distressed area (per Section 301 of 42 USC 3161), it will receive one "subsidy point."
- 5) The qualifying projects will be ranked for subsidization first based on highest to lowest number of "subsidy points," and then from lowest to highest MHI.

Projects ranked within the available subsidy funds, will be eligible to receive subsidization of 75% of the loan amount, up to a maximum subsidy amount of \$1,000,000.

GREEN PROJECT RESERVE SOLICITATION

MDEQ is continuing to solicit funding requests for projects, and/or portions of projects, which qualify for the "Green Project Reserve" (GPR). Qualifying GPR projects are given higher funding priority within each category of the WPCRLF Priority System. Consistent with the EPA's guidance and the WPCRLF program regulations, a GPR project is a water pollution control project that falls into one of the following four categories: 1) green infrastructure, 2) water efficiency, 3) energy efficiency, or 4) environmentally innovative. Within each of these categories, projects (or components of projects) may either qualify categorically, or be demonstrated to qualify based on a business case documenting the related green

benefits. Details regarding the types of projects which qualify categorically, which require business cases, and the contents of a business case, are outlined in EPA's 2012 CWSRF 10% Green Project Reserve: Guidance for Determining Project Eligibility, which is available for viewing/downloading on MDEQ's WPCRLF Program webpage.

[UPDATE: We understand that EPA recently made the determination that business case documentation will no longer be required, and that they are in the process of revising the GPR Guidance. We will make this revised guidance available on the MDEQ's WPCRLF Program webpage once it is received.]

WATER POLLUTION CONTROL EMERGENCY LOAN FUND (WPCELFF) PROGRAM

Please don't forget that the WPCELFF program is available as a ready source of funding for the emergency construction, repair or replacement of wastewater collection and treatment facilities. Approximately \$3.5 million in WPCELFF funds are currently available for emergency loans. The basic provisions of the WPCELFF program are:

- 1) a current interest rate of 4%;
- 2) a maximum single loan amount of \$350,000;
- 3) a maximum repayment period of ten (10) years;
- 4) applicants must be public entities/political subdivision; and
- 5) projects must meet the definition of "emergency" in the program regulations.

Allowable costs for the project may not be incurred prior to the budget period established by the MDEQ, which may not begin more than 90 days prior to MDEQ's issuance of a funding pre-commitment letter or receipt of the loan application. Costs for the project are paid on a reimbursement basis, based upon the actual allowable expenditures of the loan recipient. For application assistance, please contact Tony Caldwell via the email address or phone number listed below.

MATRIX OF ADDITIONAL FUNDING SOURCES

In our continuing effort of coordination among the State and Federal agencies that provide grant and loan funding for wastewater, drinking water, storm water, and solid waste projects, we have updated our matrix of these funding sources. Attached is the updated matrix, which was developed jointly by the agencies included. This matrix lists the funding sources, includes basic funding provisions, and gives the contact information for each program.

We hope that this matrix will be of benefit to you in considering grant and loan funding sources for your future wastewater, drinking water, storm water, and solid waste projects.

OBTAINING RANKING FORMS AND OTHER WPCRLF GUIDANCE/INFORMATION

Forms for requesting ranking on this year's priority list, facilities planning guidance, design guidance, and other related WPCRLF Program information are available for viewing/downloading on MDEQ's WPCRLF Program webpage by clicking on this link or going to www.deq.state.ms.us, choosing "Surface Water

Division” (under “Office of Pollution Control”), then choosing “Construction Branch,” then choosing “Water Pollution Control (Clean Water) Revolving Loan Fund Program.” Or, if you prefer, you may use the contact information below to request that hard copies be faxed or mailed to you.

CONTACT INFORMATION

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