



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 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:** **URGENT NOTICE-MAJOR PROGRAM CHANGES IN FY-2015**  
**Water Pollution Control Revolving Loan Fund (WPCRLF)**  
**FY-2015 Funding Schedule/Guidance/Funds Availability**  
**Green Project Solicitation**  
**Emergency Loan Funding**  
**Updated Funding Matrix**

**DATE:** February 3, 2015

**MAJOR CHANGES AFFECTING WPCRLF PROGRAM BEGINNING IN FY-2015**

The *Water Resources Reform and Development Act, 2014* (WRRDA), which was passed by Congress and signed into law by the President on June 10, 2014, included amendments to the Clean Water State Revolving Fund (CWSRF) program authorized by Title VI of the Federal Clean Water Act. Those amendments, along with the exhaustion of "banked equivalency/cross-cutter compliance," utilized by the Water Pollution Control Revolving Loan Fund (WPCRLF) Program since FY-2001, are requiring significant changes to the WPCRLF Program for loans awarded October 1, 2014, and after.

In order to simplify the process and to allow time to make projects ready for loan award in what remains of FY-2015, only the WRRDA provisions which require immediate implementation are being addressed this FY along with the cross-cutters. There are additional WRRDA provisions which are being delayed for consideration/implementation in FY-2016 or after. Details and guidance regarding any additional changes required by those provisions will be provided at a later date.

**PRIORITY SYSTEM SCHEDULE REVISED/COMPACTED FOR FY-2015**

Due to the time required for development of EPA and State guidance for implementing the new requirements, it has become necessary to delay and compact the normal funding schedule. Therefore, the WPCRLF Priority System Schedule/Deadlines for FY-2015 are as follows:

**By March 1, 2015**, complete and submit an FY-2015 "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. Simply 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-2015.

**By March 15, 2015**, complete and submit the draft facilities plan to the Inter-Governmental Review (IGR) agencies for their review and comments. The draft facilities plan should also be submitted to MDEQ at this time, in order to expedite the review.

**By May 1, 2015**, 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 comment on the proposed project and to examine all environmental review documents.

**By June 1, 2015**, hold the public hearing.

**By June 15, 2015, [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 FY-2015 supplemental facilities planning guidance (described below). Only those projects which meet this June 15, 2015, deadline will be ranked on the FY 2015 Priority List. Those with late or incomplete plans which do not meet the deadline will be listed on the FY-2016 and After Planning List.

**By July 15, 2015, [Deadline]** a completed WPCRLF loan application and all associated documents required by the WPCRLF regulations and the supplemental FY-2015 WPCRLF funding guidance must be submitted to MDEQ.

**By September 1, 2015, [Deadline]** all approvable documents and responses to MDEQ comments necessary for loan award must be submitted to MDEQ for review and approval.

We regret any inconvenience that may be caused by this delayed and compacted schedule; but, it was unavoidable due to the nature of the required changes, and the necessity to implement them this FY.

#### **NEW SUPPLEMENTAL FACILITIES PLANNING GUIDANCE ATTACHED**

Some of the new requirements affect project environmental review and facilities planning; therefore, facilities plans approved prior to October 1, 2014, may no longer comply with the requirements for WPCRLF loan award. Additional planning effort and subsequent approval will likely be required before any such projects can be considered for FY-2015 Priority List ranking, or loan award.

The attached document entitled, "GUIDANCE FOR WATER POLLUTION CONTROL REVOLVING LOAN FUND PROJECTS FUNDED DURING FY 2015 (OCTOBER 1, 2014 THROUGH SEPTEMBER 30, 2015)" and Dated January 8, 2015, has been prepared to assist in complying with the new planning phase requirements, and is to be used in conjunction with the previously existing facilities plan checklist/guidance and WPCRLF Regulations. These documents are available for viewing/downloading on MDEQ's WPCRLF Program webpage.

## **POST-PLANNING PHASE NEW REQUIREMENTS**

In addition to those changes affecting the planning phase, there are new requirements which must be addressed either during the loan application process, or post loan award. Additional guidance, certifications, etc. are being prepared to assist in complying with these requirements, and will be provided to the loan applicants and consulting engineers as they become available. Summaries of those additional requirements are as follows:

### **- Loan Term/Project Useful Life**

WRRDA included language requiring that the maximum loan term not exceed the "projected useful life of the project." This requirement will have to be addressed prior to loan award.

### **- Fiscal Sustainability Plans (FSPs)**

The following language was included in WRRDA, which requires an FSP be developed by all recipients of future WPCRLF loans:

*"(E) for a treatment works proposed for repair, replacement, or expansion, and eligible for assistance under subsection (c)(1), the recipient of a loan shall—*  
*(i) develop and implement a fiscal sustainability plan that includes—*  
*(I) an inventory of critical assets that are a part of the treatment works;*  
*(II) an evaluation of the condition and performance of inventoried assets or asset groupings;*  
*(III) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan;*  
*and*  
*(IV) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or*  
*(ii) certify that the recipient has developed and implemented a plan that meets the requirements under clause (i);"*

Consistent with EPA guidance, if the required FSP has previously been developed, the required certification may be submitted prior to loan award. Otherwise, a condition of the loan agreement will require FSP development and certification submittal prior to project completion and final loan reimbursement.

- **Generally Accepted Accounting Principles (GAAP/GASB)**

The following language was included in WRRDA:

*(9) the State will require as a condition of making a loan or providing other assistance, as described in section 603(d) of this Act, from the fund that the recipient of such assistance will maintain project accounts in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets;*

According to EPA guidance this WRRDA provision requires that loan recipients maintain project accounts according to Generally Accepted Accounting Principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB), including standards relating to the reporting of infrastructure assets. The most recent applicable standard is GASB Statement No. 34 (GASB 34), issued in June 1999, which details governmental reporting requirements including standards for reporting of infrastructure assets. Further details on the requirements, as well as the full text of GASB 34, can be obtained through the GASB. Compliance with this requirement will now be a condition of all WPCRLF loan agreements.

- **Davis-Bacon (Prevailing Wage Rates) Compliance**

This requirement was previously imposed on the WPCRLF Program by Congressional appropriations act(s). Language in WRRDA made it permanent for all future WPCRLF loans. The implementation will be the same as in FY-2014.

- **American Iron and Steel (AIS)**

This requirement was previously imposed on the WPCRLF Program by Congressional appropriations act(s). Language in WRRDA made it permanent for all future WPCRLF loans. The implementation will be the same as in FY-2014.

- **Executive Order 11246-Equal Employment Opportunity**

This cross-cutter will again apply as it did prior to FY-2001. The WPCRLF Supplemental General Conditions are being revised accordingly, and will be required in all future WPCRLF-funded construction contract documents.

- **Uniform Relocation Assistance and Real Property Acquisition Policies Act (“Uniform Act”)**

This cross-cutter will again apply as it did prior to FY-2001. The WPCRLF Limited and Clear Site Certifications are being revised accordingly, and all future WPCRLF loan recipients will be required to comply with the federal Uniform Act in the acquisition of all land/easements required for the project.

## FUNDS AVAILABILITY FOR FY-2015

FY-2015 funds availability is currently estimated as follows:

Loan Repayments/Interest:	~\$30.0 million
FY-13 Cap Grant/State Match:	~\$ 3.4 million (~\$0.69 million State Match needed)
FY-14 Cap Grant/State Match:	~\$12.6 million (~\$2.55 million State Match needed)
<u>FY-15 Cap Grant/State Match:</u>	<u>~\$12.6 million (~\$2.55 million State Match needed)</u>
Total:	~\$58.6 million (~\$5.79 million State Match needed)

As much as \$64.4 million could be available depending on state match authorizations. Without additional state match, the total available funds for FY-2015 will be in the \$30 million range.

## 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.

## 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 \$3.2 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.

### **UPDATED FUNDING MATRIX**

Attached for your information/use is a recently updated copy of the "Funding Matrix" (dated February, 2015). This document contains basic details and contact information about various sources of loan and grant funding for water, wastewater, storm water and solid waste projects in Mississippi.

### **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](http://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**

#### **Program Manager**

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#### **Project Management/Engineering Coordinators**

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#### **Administrative Coordinator**

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#### **Program Support Coordinator**

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