



State of Mississippi

TATE REEVES
Governor

MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY

CHRIS WELLS, 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-23 Funds Availability Notification**

DATE: January 25, 2023

!! DON'T FORGET ABOUT THE CWSRF FOR YOUR WASTEWATER FUNDING NEEDS !!

There's been a lot of attention lately on "ARPA Funding" for infrastructure projects; but, don't forget about the Water Pollution Control Revolving Loan Fund (WPCRLF) Program [Mississippi's Clean Water State Revolving Fund (CWSRF) Program] for all of your wastewater infrastructure funding needs! There are still historically low interest rates, historically high levels of WPCRLF funding available, and more subsidy funding becoming available to a broader range of applicants, due in part to the federal Infrastructure Investment and Jobs Act (discussed in further detail below).

PRIORITY SYSTEM/FUNDING SCHEDULE EXTENDED FOR FY-23

We understand that significant time and effort has been demanded of all involved in the ARPA funding process, which has in turn impacted this year's WPCRLF planning process, for those both inside and outside of MDEQ. Accordingly, the FY-23 WPCRLF schedule is being extended as much as possible, to allow additional time for project facilities planning and loan application, while also leaving adequate time to get loans ready for award by the FY end (September 30, 2023). Because of the timing of this notification, only dates for the actual Priority System Deadlines are being included, and the recommended dates for the interim actions are being replaced with, "As Soon As Possible." This results in the following schedule of actions that must be met by any eligible applicants (counties, municipalities, public utilities, authorities, districts, political subdivisions or other governmental units created under state law) interested in receiving FY-23 WPCRLF loan funding:

OFFICE OF POLLUTION CONTROL

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Facebook: @mdeq.ms • Twitter: @MDEQ • Instagram: @MDEQ

AN EQUAL OPPORTUNITY EMPLOYER

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 remember that Federal Procurement now applies to WPCRLF-funded 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.

As Soon As Possible, complete and submit an FY-23 “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-23.

As Soon As Possible, 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 review.**

As Soon As Possible, 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 newspaper of general circulation in the project area. The notice/hearing must give the public an opportunity to comment on the proposed project and to examine all environmental review documents.

As Soon As Possible, hold the public hearing.

By April 15, 2023, [Priority System Deadline] submit a complete WPCRLF facilities plan* to MDEQ:

By May 15, 2023, [Priority System Deadline] a completed WPCRLF loan application and all associated documents required by the WPCRLF regulations and the supplemental guidance for FY-16 and after projects (described below) must be submitted to MDEQ.

By August 15, 2023, [Priority System Deadline] all approvable documents and responses to MDEQ comments necessary for loan award must be submitted to MDEQ for review and approval.

* 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-16 and after projects (described below). Only those projects which meet the April 15, 2023, deadline will be ranked on the FY-23 Priority List. Those with late or incomplete plans which do not meet the deadline will be listed on the FY-24 and After Planning List, but may also be funded as “catch-up projects” in FY-23 if they proceed to become ready for award, and adequate funds in excess of that needed for Priority List projects are available.

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

Commonly referred to as the “Bipartisan Infrastructure Law (BIL)” (P.L. 117-58), the IIJA is having significant impacts on the WPCRLF Program. Signed into law on November 15, 2021, the BIL:

- 1) Included supplemental CWSRF appropriations for Fiscal Years (FYs) 22 through 26, 49% of which must be made available as additional subsidy;
- 2) Included additional supplemental CWSRF appropriations for FYs 22 through 26 specifically to address “emerging contaminants,” 100% of which must be made available as additional subsidy;
- 3) Amended the Clean Water Act (CWA) to require a minimum of 10% of the annual CWSRF capitalization grants be made available as additional subsidy;
- 4) Required states to reevaluate their CWSRF subsidy “affordability criteria” to ensure more of a focus on “disadvantaged” communities (potentially including “disadvantaged communities” which may lie within larger “non-disadvantaged” service areas);
- 5) Amended the Clean Water Act (CWA) to allow states to use up to 2% of the CWSRF capitalization grants for “Technical Assistance (TA);” and
- 6) Applied the new “Build America Buy America (BABA)” requirement to all FY-22 and after CWSRF capitalization grant funds.

This means significantly more loan and subsidy funding available to more applicants through the WPCRLF Program over the next few years, but with some new federal requirements added.

MORE FUNDING AND HISTORICALLY LOW INTEREST RATES CONTINUE !

With the annual CWSRF appropriations, the supplemental BIL appropriations, and the annual WPCRLF repayment stream from prior loans, we anticipate loan funds availability for FY-23 in excess of **\$150 million**. And, though market interest rates are rising, WPCRLF loan interest rates are being kept at their historic lows of **0.8% for new 20-year term loans** and **1.8% for new 30-year term loans!!**

MORE SUBSIDY AVAILABLE TO A BROADER RANGE OF APPLICANTS !

Also, we anticipate subsidy funds availability for FY-23 in excess of **\$35 million**. And, the subsidy affordability criteria are being revised to target not only the “Small/Low-Income Communities” as before, but also larger applicants which may not have met the affordability criteria in the past, but who are pursuing funding for projects in disadvantaged portions of their service areas. Details of the proposed subsidy affordability criteria revisions will be made available for public review and comment in the near future.

So, ACT NOW so that you don’t miss out on this rare opportunity for such unusually low interest rates, and possible subsidy funding, through the WPCRLF Program!!

EMERGING CONTAMINANTS AND TECHNICAL ASSISTANCE FUNDING

MDEQ is currently exploring the need for, and best way(s) to implement, the CWSRF funding made available through the IIJA/BIL for “Emerging Contaminants” and Technical Assistance. If you are aware of any funding needs for projects to address emerging contaminants (PFAS, PFOAS, micro-plastics, etc.), or have any ideas for Technical Assistance that would be beneficial to the water pollution control/wastewater community in Mississippi, please pass that information along to us (see contact information below) for review and consideration.

BUILD AMERICA BUY AMERICA (BABA) REQUIREMENTS

The IIJA/BIL imposed new federal “Build America Buy America” requirements on all FY-22 and after CWSRF capitalization grant funds. MDEQ delayed obligation of the FY-22 CWSRF capitalization grant funds, and implementation of the associated BABA requirements until FY-23. Therefore, all future WPCRLF-funding project must comply with BABA. Though similar to the existing American Iron and Steel (AIS) requirements, BABA also requires the use of only American-made “manufactured goods” and “construction materials.” Additional information is currently available on EPA’s BABA webpage at <https://www.epa.gov/cwsrf/build-america-buy-america-baba>. WPCRLF-specific BABA guidance will be available in the near future for applicants/recipients of FY-23 and after loans.

SUPPLEMENTAL GUIDANCE FOR FY-16 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 (see below).

GREEN PROJECT RESERVE SOLICITATION

EPA is putting additional emphasis on CWSRF funding of “Green Project Reserve” (GPR) projects. MDEQ is continuing to solicit funding requests for projects, and/or portions of projects, which qualify as GPR projects. Such projects are given higher funding priority within each category of the WPCRLF Priority System. Consistent with EPA’s guidance, 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 (See below).

* NOTE: EPA previously made a determination that business case documentation is no longer required, and we continue to await EPA's revised 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 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) 5% administrative fee (added to principal);
- 5) applicants must be public entities/political subdivision; and
- 6) 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 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 any of the Construction Branch managers/coordinators via the email addresses or phone numbers listed below.

MATRIX OF ADDITIONAL FUNDING SOURCES

In our continuing effort to coordinate among the State and Federal agencies that provide grant and loan funding for wastewater, drinking water, storm water, and solid waste projects, we periodically update our matrix of these funding sources in conjunction with the related agencies. The latest version is available for viewing/downloading on MDEQ's WPCRLF Program webpage (See below). 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.

WPCRLF WEBPAGE / FORMS / OTHER WPCRLF GUIDANCE/INFORMATION

Forms for requesting ranking on the 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 going to www.mdeq.ms.gov/cwsrf**, 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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