MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE EXPENDITURE PLAN

Submitted Pursuant to the
Oil Spill Impact Component of the RESTORE Act
33 U.S.C. § 1321(t)(3)

Approved April 2017

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Introduction

Overview of the Oil Spill

On or about April 20, 2010, the mobile offshore drilling unit Deepwater Horizon, which was being used to drill a well for BP Exploration and Production, Inc. (BP) in the Macondo prospect (Mississippi Canyon 252 – MC252), experienced an explosion, caught fire, and subsequently sank in the Gulf of Mexico (the Gulf). This incident resulted in the discharge of oil and other substances into the Gulf from the rig and the submerged wellhead. The Deepwater Horizon oil spill (Spill) is the largest maritime oil spill in U.S. history. The Spill discharged millions of barrels of oil over a period of 87 days. In addition, well over one million gallons of dispersants were applied to the waters of the Spill area in an attempt to disperse the spilled oil. An undetermined amount of natural gas was also released to the environment as a result of the Spill. After several failed attempts to stop the release of oil, the well was declared "sealed" on September 19, 2010.

As a result of civil and criminal settlements with the parties responsible for the Spill, the State of Mississippi (Mississippi) has and will continue to receive funding from several sources to restore or benefit the natural resources or the economy of Mississippi, including, but not limited to funding received through the following: (1) the Oil Pollution Act of 1990 (OPA) and the corresponding Natural Resource Damage Assessment (NRDA); (2) the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act (RESTORE Act); and (3) the National Fish and Wildlife Foundation (NFWF) Gulf Environmental Benefit Fund (GEBF).

The Mississippi Department of Environmental Quality (MDEQ) is the designated natural resource trustee under OPA-NRDA and the Governor's designee for the RESTORE Act and NFWF GEBF for Mississippi.

RESTORE Act

On July 6, 2012, the President signed into law the RESTORE Act, Subtitle F of Public Law 112-141. The RESTORE Act makes available 80% of the Clean Water Act (CWA) civil and administrative penalties paid by the responsible parties for the Spill (i.e., BP and Transocean) for programs, projects and activities that restore and protect the environment and economy of the Gulf Coast region through the Gulf Coast Restoration Trust Fund established in the U.S. Department of the Treasury (Treasury). Within the RESTORE Act, there are five funding components (commonly referred to as "buckets"), which make funds available to each of the Gulf States in accordance with certain legal parameters. These components are:

- Direct Component (Bucket 1)
- Comprehensive Plan Component (Bucket 2)
- Oil Spill Impact Component (Bucket 3)
- National Oceanic and Atmospheric Administration (NOAA) Science Program (Bucket 4)
- Centers of Excellence Research Grants Program (Bucket 5)

The Oil Spill Impact Component, also referred to as Bucket 3, accounts for 30% of the funds available in the Gulf Coast Restoration Trust Fund. The state of Mississippi, as determined by the RESTORE Act, will receive 19.07% of the 30% allocation of the Oil Spill Impact Component. The amount currently available to Mississippi under the Oil Spill Impact Component is approximately $52 Million. The RESTORE Act requires Mississippi, through MDEQ, to prepare a Mississippi State Expenditure Plan (MSEP) describing each activity, project, or program for which Mississippi seeks funding under the Oil Spill Impact Component.

As defined in 31 C.F.R. § 34.503, the MSEP includes a narrative description for each activity, project, or program for which Oil Spill Impact Component funding is being sought. The narrative description for each activity in the MSEP contains the following information:

- The need, purpose, and objectives of the activity;
- How the activity is eligible for funding and meets all requirements of § 34.203 and § 34.503;
- Location of the activity;
- Budget for the activity;
- Milestones for the activity;
- Projected completion dates for the activity;
- Criteria MDEQ will use to evaluate the success of each activity in helping restore and protect the Gulf Coast Region;
- If funding has been requested from other sources, including other components of the Act, the plan identifies the source, states how much funding was requested, and provides the current status of the request;
- How the activities in the plan contribute to the overall economic and ecological recovery of the Gulf Coast; and
- How each activity, that would restore and protect natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, coastal wetlands or the economy of the Gulf Coast, is based on the best available science.

New and/or amended MSEP(s) may be written as additional funds become available and as additional projects are identified for funding.

Eligible Activities for the Oil Spill Impact Component
The RESTORE Act dedicates 80% of any civil and administrative penalties paid under the Clean Water Act by responsible parties in connection with the Deepwater Horizon oil spill to the Gulf Coast Ecosystem Trust Fund or ecosystem restoration (environmental), economic recovery, and tourism promotion in the Gulf Coast region. The RESTORE Act differs from other restoration funding sources (i.e., NFWF, NRDA) in that it specifically allows and anticipates that restoration projects will be developed for the restoration of natural resources and the restoration of the economy, both of which were affected as a result of the Spill.

The eligible activities for the Oil Spill Impact Component cover both ecological and economic projects. The RESTORE Act defines eligible activities for which the Oil Spill Impact Component funds may be used. The eligible activities, projects, and programs as defined in 31 C.F.R. § 34.203 are:

1. Restoration and protection of the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches and coastal wetlands of the Gulf Coast Region;
2. Mitigation of damage to fish, wildlife, and natural resources;
3. Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan, including fisheries monitoring;
4. Workforce development and job creation;
5. Improvements to or on state parks located in coastal areas affected by the Deepwater Horizon Oil Spill;
6. Infrastructure projects benefitting the economy or ecological resources, including port infrastructure;
7. Coastal flood protection and related infrastructure;
8. Planning assistance;
9. Administrative costs;
10. Promotion of tourism in the Gulf Coast Region, including recreational fishing; and
11. Promotion of the consumption of seafood harvested from the Gulf Coast Region.

Designated State Entity

The State of Mississippi, Office of the Governor, is the entity designated under the Oil Spill Impact Component of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) to develop the required State Expenditure Plan. The Office of the Governor appointed Gary C. Rikard, the Executive Director of the Mississippi Department of Environmental Quality, as his appointee.

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Section I: State Certification of RESTORE Act Compliance

Certifications of RESTORE Act Compliance

The Mississippi Department of Environmental Quality hereby certifies to the following:

- Pursuant to the RESTORE Act, 33 U.S.C. § 1321(t)(3)(B)(i)(I), the MSEP includes projects, programs, and activities which will be implemented with the Gulf Coast Region and are eligible for funding under the RESTORE Act.

- Pursuant to the RESTORE Act, 33 U.S.C. § 1321(t)(3)(B)(i)(II), the projects, programs, and activities in the MSEP contribute to the overall economic and ecological recovery of the Gulf Coast.

- Pursuant to the RESTORE Act, 33 U.S.C. § 1321(t)(3)(B)(i)(III), the MSEP conforms to and is consistent with the goals and objectives of the Initial Comprehensive Plan adopted by the RESTORE Council.

- Pursuant to the RESTORE Act, 33 U.S.C. § 1321(t)(2)(B)(i), the projects and programs that would restore and protect the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, coastal wetlands, and economy of the Gulf Coast included on the MSEP will be based on the best available science as defined by the RESTORE Act.

- Pursuant to the RESTORE Act, 33 U.S.C. § 1321(t)(3)(B)(ii), not more than 25% of the funds will be used for infrastructure projects for the eligible activities described in 33 § U.S.C.1321(t)(1)(B)(i)(VI-VII).

- Issues crossing Gulf State boundaries have been evaluated to ensure that a comprehensive, collaborative ecological and economic recovery is furthered by the MSEP.

Process Used to Verify Compliance

The development of the MSEP involves a series of activities that create an iterative process while maintaining transparency to stakeholders. This process is divided into five phases with distinct tasks occurring in each phase. The activities occurring within each phase are designed to achieve the following criteria:

- Identify eligible projects, programs and activities for inclusion on the MSEP;
- Ensure that eligible projects, programs and activities included on the MSEP contribute to overall ecological and economic recovery of the Gulf Coast;
- Ensure the MSEP takes into consideration and is consistent with the goals, objectives and commitments of the RESTORE Council's Initial Comprehensive Plan; and
- Promote funded projects to be as successful and sustainable as possible.

The planning effort was broken down into five phases:

- Phase 1: Establishing a Foundation
- Phase 2: Project Contribution, Benefit, and Coordination
- Phase 3: Project Filtering
- Phase 4: Project Vetting
- Phase 5: Project Selection and MSEP development

This five phase process was implemented under a Planning State Expenditure Plan approved by the chairperson of the Gulf Coast Ecosystem Restoration Council in November 2015.

2016 Results of the Process Used to Verify Compliance

Phase I: Establishing a Foundation

In Phase I, MDEQ, on behalf of the State of Mississippi, worked to establish a foundation for the MSEP. The RESTORE Act requires that each program, project, and activity included on the MSEP be consistent with the goals and objectives of the Initial Comprehensive Plan developed by the RESTORE Council. Stakeholder groups were engaged throughout July 2016 to identify priority aims for the MSEP. By establishing foundational components, the MDEQ ensures that the MSEP:

- Contributes to the overall ecological and economic recovery of the Gulf Coast;
- Takes into consideration and is consistent with goals and objectives of the RESTORE Council's Initial Comprehensive Plan; and
- Aligns process and project selection with the MDEQ's commitment to transparency.

Stakeholder engagement began by asking the stakeholder groups to identify their priority aims from the established goals of the Initial Comprehensive Plan. MDEQ engaged 13 environmental groups and 7 economic groups. By identifying priority aims, stakeholders helped to define the focus of the initial MSEP. In response to which aim or aims should be prioritized for the MSEP, the majority (>50% of stakeholder groups engaged) responded that the MSEP should focus on two of the goals identified in the RESTORE Council's Initial Comprehensive Plan:

1. Restore Water Quality – Restore and protect water quality of the Gulf Coast region's fresh, estuarine, and marine waters.
2. Restore and Revitalize the Gulf Economy – Enhance the sustainability and resiliency of the Gulf economy.

These goals also align with stakeholder priorities identified during a 2015 public engagement effort under the NFWF Gulf Environmental Benefit Fund program, where water quality and economic development were also identified. Thus, MDEQ recognizes and understands that water quality and economic revitalization are top priorities for restoration along the Gulf Coast. This alignment ensures coordination between funding efforts.

Phase II: Project Contribution, Benefit, and Coordination

Phase II utilized the initial stakeholder input to engage a broader audience to identify the environmental and economic contributions and benefits a project can provide toward the identified priority aims of the MSEP. Project contributions and benefits were developed based on the RESTORE Act eligible activities, MSEP requirements, the Initial Comprehensive Plan, and review of existing restoration plans to further ensure coordination and compliance. For this exercise, MDEQ defined a contribution as an action that a project can take to meet the prioritized goal and a benefit as the outcome of a contribution. MDEQ utilized an online community engagement platform called MetroQuest to collect public input to identify what contributions and benefits a project should make in order to be included on the MSEP. Metroquest was available online for a 30-day period. In total there were 298 interactions with the online survey tool, and 184 individual data responses.

Utilizing MetroQuest, the public was asked to prioritize various contributions. Two contributions received the highest average rank positions. They were:

1. Improve marine ecosystems (Average position: 2.13; Times Ranked: 158).
2. Decrease water pollution (Average position: 2.18; Times Ranked: 148).

The corresponding highest ranking benefit for both contributions was:

1. Promote ecosystem health.

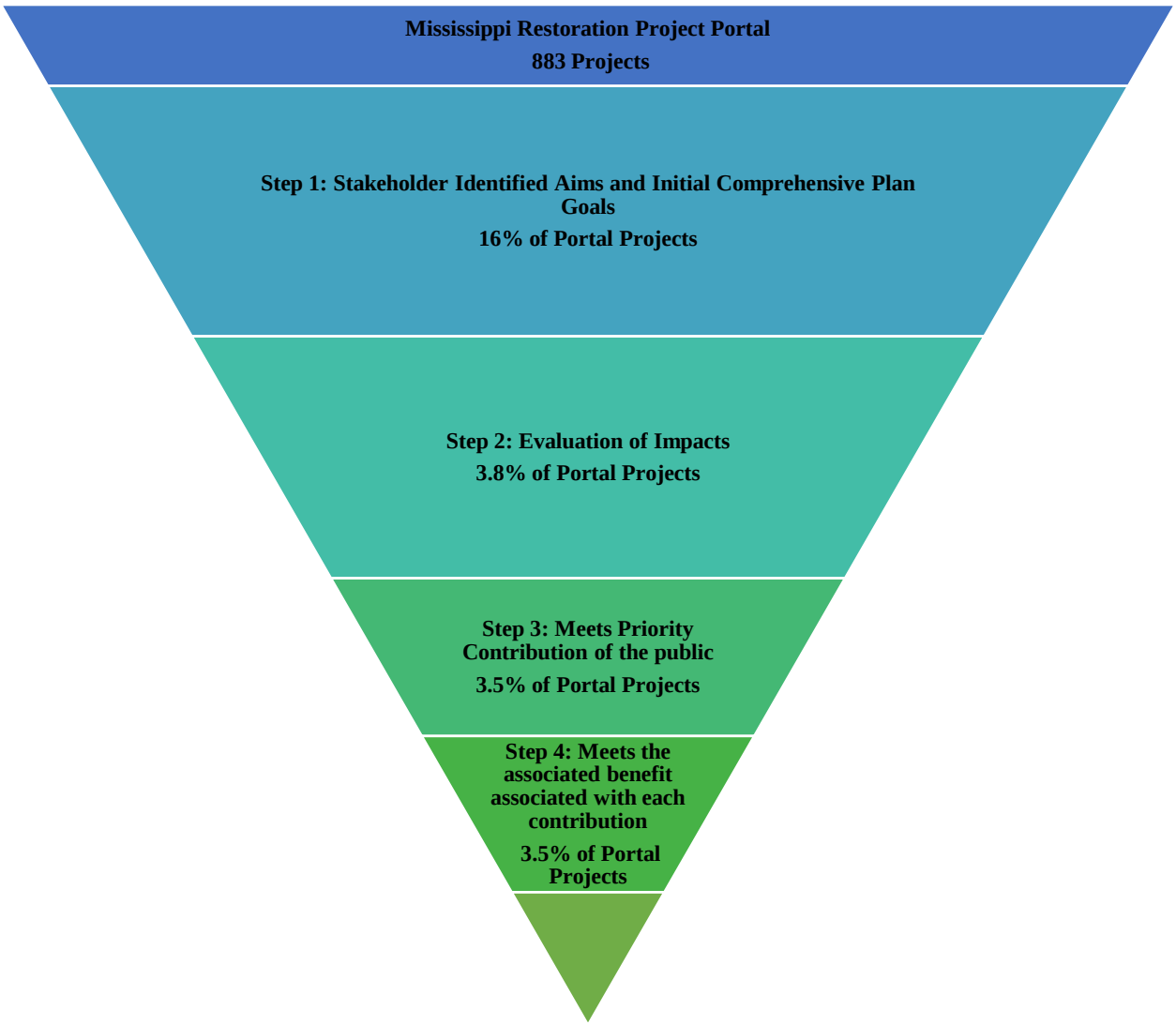
The contributions and benefit align with the following RESTORE Council Initial Comprehensive Plan objectives:

- Restore, improve, and protect water resources.
- Protect and restore living and coastal marine resources.
- Promote community resilience.

Phase III: Project Filtering

Using stakeholder input on priority aims, contributions, and benefits, MDEQ created a project filtering mechanism that evaluated all of the Mississippi Restoration Project Idea Portal submissions. This filtering process is represented in the following table and figure:

Process	Factors Considered
Step 1: Stakeholder Identified Aims and Initial Comprehensive Plan Goals	Project ideas must *Restore Water Quality* and *Restore and Revitalize the Gulf Economy.*
Step 2: Evaluation of Impacts	Evaluation of project description and supporting documentation towards *Restoring Water Quality* and *Restoring and Revitalizing the Gulf Economy.*
Step 3: Meets Priority Contribution of the Public	A project idea must meet both prioritized contribution criteria of decreased water pollution and improve marine ecosystems.
Step 4: Meets the Associated Benefit Associated with Each Contribution	A project idea must promote the prioritized benefit of ecosystem health.



Project ideas made it through the filtering process if they were in line with the aims that were selected during Phase I of the development of this SEP: *Restore Water Quality* and *Restore and Revitalize the Gulf Economy*. In order to be proposed for selection, project ideas must have checked both the water quality and economy identifier boxes during submission into the Mississippi Restoration Project Portal. Project ideas were eliminated if they did not address water quality or restoring and revitalizing the economy because they were not aligned with the aims selected for the SEP. Project ideas were also eliminated if they are currently being funded, or if they fell within the following categories: extension, education, and outreach; recreational improvement; research/monitoring; and public water distribution.

Phase IV: Project Vetting

Following the project filtering process, remaining project ideas were evaluated exclusively for eligibility under the Oil Spill Impact Component; specifically: 1) eligibility of proposed activities with eligibility requirements of the RESTORE Act; and 2) review of proposed activity against applicable regulations, federal law compliance and OMB guidance. Preliminary environmental compliance reviews were also conducted with applicable agencies.

Of the 3.5% of the remaining project ideas, approximately 3.2% conform to the eligibility requirements.

Phase V: Project Selection and MSEP development

After project vetting, 29 portal project ideas remained. From these 29 portal project ideas, one program and one project were developed:

1. Mississippi Gulf Coast Water Quality Improvement Program
    - Developed based on multiple portal ideas related to stormwater and wastewater improvement; however, there were no distinct tie-ins to specific water quality impairments, but rather suggestions that their repair/upgrade will result in changes to water quality.

2. Pascagoula Oyster Reef Complex Relay and Enhancement
    - Developed based on two projects that discussed the need to expand the Pascagoula reef complex, to relaying oysters for economic gain, and upon expansion consider augmenting reefs by setting oysters on cultch materials.

Additionally, the MSEP includes a planning project to support MDEQ's coordinated restoration planning effort to maximize the effectiveness of restoration in the Mississippi Gulf Coast Region with the development of new and/or amended State Expenditure Plan(s).

Section II: Public Participation Statement

There were multiple phases of public engagement for the initial MSEP in order to gather the appropriate public participation necessary to conform with the public participation requirements outlined in 31 C.F.R. § 34.503(g). In accordance with 31 C.F.R. § 34.503(g), the MSEP will be available for public review and comment for a minimum of forty-five (45) days. Each activity on the MSEP will only be adopted after consideration of all meaningful input. MDEQ made the MSEP available for public comment and review in a manner that is consistent with other MDEQ-administered public comment periods related to the Deepwater Horizon oil spill. See the attached "The State of Mississippi's Response to Comments Regarding the 2016 Mississippi State Expenditure Plan (MSEP)" for additional information.

Section III: Financial Integrity

On behalf of the State of Mississippi, MDEQ understands its fiduciary responsibilities under the RESTORE Act and is committed to maintaining the highest level of fiscal accountability and transparency to assure the public and Congress that funds have been managed appropriately to further the purposes of the RESTORE Act. These responsibilities include RESTORE Act project administration functions, such as maintaining financial records and ensuring complete and accurate reporting through project oversight. MDEQ's financial system was developed around the basic principles of sound financial management. These principles are internationally accepted accounting and financial management practices recognized worldwide by leading public and private sector organizations. The basic principles of sound financial management include, among others, principles of transparency, internal checks and balances, and independent external auditing.

Transparency – MDEQ is committed to maintaining transparency with the public and to reporting on RESTORE Act projects, programs, and activities.

Internal checks and balances – To maintain effective controls, MDEQ properly segregates duties among state personnel performing financial functions for RESTORE Act projects, programs, and activities.

Independent external auditing – All state agencies are subject to annual audits to be conducted by the Office of the State Auditor or its contracted designee as prescribed by state law. Agency audits are performed at the fund level in conjunction with the State Auditor's annual audit of the State's Comprehensive Annual Financial Report (CAFR).

These principles of sound financial management are designed to:

- Prevent corruption and reduce or eliminate financial risk and loss;
- Ensure that funds are spent in accordance with the respective grant awards, state law and federal law, as applicable;
- Ensure that personnel responsible for implementing the activities in the project work plans have the resources needed to support the job; and
- Assist state personnel in spending funds efficiently and effectively and report expenditures accurately.

MDEQ is responsible for:

- Fiscally managing and safeguarding RESTORE Act project funds;
- Disbursing funds to sub-recipients in a timely manner for reimbursement of eligible project expenditures;
- Keeping accurate and up-to-date records of all financial transactions related to project activities;
- Providing accurate financial reports as requested or required;
- Assisting state personnel with financial planning, budgeting, monitoring, and evaluation; and
- Assisting state personnel in understanding and complying with financial policies and procedures needed to ensure efficient and effective stewardship of RESTORE Act funds.

Effective financial operations depend on clear policies and procedures for different areas of activity, such as:

- Cash management policies (e.g., project budgets, requests for funds, and disbursement of funds);
- Personnel policies;
- Policies regarding delegation of signature authority for expenditures or reimbursements in excess of established thresholds;
- Purchasing and procurement laws, regulations, and policies;
- Policies regarding reimbursement of administrative expenses;
- Policies regarding supporting documentation required for disbursement of funds; and
- Policies establishing financial reporting requirements and schedules, including documented review processes by appropriate supervisory personnel.

Financial Controls

Financial controls are designed to enable state agencies to accomplish fiduciary responsibilities. These controls also reduce the risk of asset loss, ensure that RESTORE Act project documentation is complete and accurate, that financial reports are reliable, and ensure compliance with laws and regulations. A financial control system includes both preventative controls (designed to discourage errors or fraud) and detective controls (designed to identify an error or fraud after it has occurred).

Mississippi law requires each agency, through its governing board or executive head, maintain continuous internal audit covering the activities of such agency affecting its revenue and expenditures, and maintain

an adequate internal system of pre-auditing claims, demands and accounts to ensure that only valid claims, demands and accounts will be paid (Miss. Code Ann. § 7-7-3(6)(d), (2016)). Consistent with the RESTORE Act and the MSEP, sub-recipients must operate and use resources with minimal potential for waste, fraud, and mismanagement. The State's financial control system provides assurance that significant weaknesses that could affect the State's ability to meet its objectives would be prevented or detected in a timely manner.

Project management, other personnel, and those charged with governance will apply internal control processes that are designed to provide reasonable assurance in the reliability of project financial reporting. The system includes characteristics such as:

- Policies and procedures that provide for appropriate segregation of duties to reduce the likelihood of deliberate fraud;
- Personnel training materials that ensure employees are qualified to perform their assigned responsibilities;
- Sound practices to be followed by personnel in performing their duties and functions; and
- Proper authorization and recording procedures for financial transactions.

MDEQ's internal control system has been modeled after the Committee of Sponsoring Organizations (COSO) internal control framework and the following five inter-related components. Annually, each state agency is required to certify it has performed an internal control risk assessment, identify weaknesses, and describe a corrective action plan, if applicable.

Control Environment – In Mississippi, responsibility for implementing internal controls at each state agency begins with the chief executive officer and extends to everyone in the agency. Each agency director personally holds those in leadership positions responsible for helping to design, implement, maintain, and champion an internal control program that encompasses all agency fiscal programs and related activities. Each agency's chief financial officer shares this leadership role, yet ultimate accountability remains with the agency head.

Only qualified, competent individuals are employed. These personnel are adequately trained to carry out their responsibilities and are required to explicitly and implicitly understand their responsibilities. State management provides its employees with the authority to perform the tasks assigned to them.

Risk Assessment – As part of establishing proper controls and procedures, an assessment is performed to identify, analyze, and manage risks relevant to achieving the state's goals and objectives for RESTORE Act projects. This assessment identifies internal and external events or circumstances that could adversely affect the state's ability to carry out its fiduciary responsibilities. Identified risks according to potential impact on the RESTORE Act projects and the likelihood of occurrence will be considered. The MSEP is considered in performing the risk assessment, incorporating the goals and objectives for the RESTORE Act activities while assessing the control environment, the overall financial management process, the role of the accounting system, and other financial management activities.

Identification of component systems comprising the complete accounting system is also included in the risk assessment process. Transaction cycles were identified and considered along with inherent risks. These will be continuously reviewed and strategies will be updated as needed to manage the risks.

Control Activities – MDEQ's internal control activities include written policies, procedures, techniques, and mechanisms that help ensure management's directives are carried out in compliance with the RESTORE Act criteria. Control activities help identify, prevent, or reduce the risks that can impede accomplishment of state objectives. Control activities occur throughout the financial department, at all

levels and in all functions; control activities include things such as approvals, authorizations, verifications, reconciliations, documentation, separation of duties, and safeguarding of assets.

For each transaction cycle identified in the risk assessment, the flow of information through the process and the internal control activities taken will be documented and analyzed.

Documentation will include organizational charts, standard operation procedures, manuals, flowcharts, decision tables, questionnaires, and/or review checklists.

Communication and Information – The state's financial system provides adequate processes and procedures to ensure that each agency or department has relevant, valid, reliable, and timely communications related to internal and external events to effectively run and control its operations. Agency directors are able to obtain reliable information to make informed business decisions, determine their risks, and communicate policies and other important information to those who need it.

Communication is vital to effective project management, and MDEQ's financial information system has mechanisms in place to properly capture and communicate RESTORE Act project financial data at the level appropriate for sound financial management. Policy manuals, accounting and financial reporting manuals, internal memoranda, verbal directives, and management actions are a few of the means of communicating across state agencies.

Monitoring – Monitoring of the internal control system will be performed to assess whether controls are effective and operating as intended. Monitoring is built into normal, recurring operations, is performed on a real-time basis, reacts dynamically to changing conditions, and is ingrained in each state agency. Ongoing monitoring occurs through routine managerial activities such as supervision, reconciliations, checklists, comparisons, performance evaluations, and status reports. Monitoring may also occur through separate internal evaluations (e.g., internal audits/reviews) or from external evaluations (e.g., independent audits, comparison to industry standards, surveys). Any deficiencies found during monitoring will be reported to the appropriate authority.

MDEQ requires prompt evaluation of any findings and recommendations. Formal procedures are documented for responding to findings and recommendations. Those that generate action items are properly outlined for timely response and resolution. Responsible parties are required to complete action items to correct or otherwise resolve the deficiencies within an established timeframe. The monitoring process also includes analysis of whether exceptions are reported and resolved quickly.

Accountability

While each state employee has personal internal control responsibility, the state director holds ultimate responsibility and assumes ownership for internal control over financial reporting of RESTORE Act funds. Other directors and managers support the state's internal control philosophy, promote compliance, and maintain control within their areas of responsibility. Chief financial officers have key oversight and policy enforcement roles over fiscal matters. Other state personnel hold lead responsibility for compliance with nonfinancial aspects of laws, directives, policies, procedures, and codes of ethics.

The state director has designated a senior manager as the RESTORE Act project manager specialist who is responsible for coordinating the overall state-wide effort of evaluating, improving, and reporting on internal controls over RESTORE Act project management. A risk assessment of project internal control systems will be performed annually. If the risk assessment indicates a high level of risk associated with the financial control system, internal controls will be evaluated. Any serious deficiencies will be reported to the appropriate authority.

Key Controls
MDEQ applies key controls for financial operating functions that serve as strategic risk mitigation tools within each area. These key controls are developed around financial management policies of segregation of duties, systematic reviews and reconciliations, and documented approval processes. These key controls serve as the framework for financial processes used in the flow of information for capturing and reporting financial data.

Other Financial Integrity Mechanisms
MDEQ has developed detailed written policies and procedures as part of its financial control systems and financial control system plan. The plan, policies, and procedures provide assurance that RESTORE Act funds are being safeguarded and that applicable statutes, rules, and regulations are being followed while also ensuring that the goals and objectives of the RESTORE Act are being met.

The financial control system plan is more than just a list of procedures or flowcharts of how activities operate. Rather, the plan is a comprehensive document that encompasses all components of internal controls. Likewise, the plan documents the financial control structure as it relates to those functions. Key financial integrity mechanisms of internal control over financial reporting are described in the following paragraphs.

Risk assessments of sub-recipients – Pursuant to the Uniform Guidance requirements in 2 C.F.R. § 200, MDEQ will emphasize components of sub-recipients' financial system internal checks and balances that address fraud, waste, and performance. MDEQ's financial management system is designed for the prevention of fraud, waste, and abuse. As such, risk assessments of all sub-recipients' financial management systems will be conducted before awarding RESTORE funding.

Project budgets – Project budgets represent the financial plans for projects throughout their lifespans. The budgets match planned expenditures with revenues that the state expects to receive, which is essential for effective cash flow planning and management. Budgets also help us prevent the misuse of project funds and control spending.

Segregation of duties – MDEQ employs several levels of control to achieve proper segregation of duties in financial processes. Departmental controls allow for proper segregation among functions related to the recording and reporting of project transactions. Supervisory approval is required for all expenditures by personnel independent of the recording process. Stewardship over project funds is essential for proper fiduciary accountability, and the State has established the framework to achieve this component of internal control.

Safeguarding of assets – Access to financial project information is restricted to essential personnel. Passwords and other physical safeguards are employed by the State to restrict access to financial data. By restricting access, risk of misappropriation and fraud is reduced because only the personnel who will be working on the financial data for the projects have access to those functions. Regular backups of financial information are done and stored off-site to minimize loss of data due to an unforeseen occurrence.

Sub-recipient monitoring – MDEQ developed a process for sub-recipient monitoring using an effective risk assessment model. As part of the initial risk assessment process, sub-recipients are required to complete an Organizational Self-Assessment (OSA) questionnaire and provide copies of standard financial policies and procedures that the state evaluates as part of designing the sub-recipient monitoring program. The OSA is required to be updated annually by each sub-recipient. On-site assistance and reviews for a sub-recipient based on appropriate risk levels will be provided throughout the life of the projects. MDEQ will require and review financial and progress reports for accuracy, completeness, and alignment with RESTORE goals. Budget reports may also be required for comparison to actual expenditures, in detail if necessary.

MDEQ may also employ other financial integrity mechanisms if necessary or for specific RESTORE Act project types. Modifications will be based on updated risk assessments for the RESTORE Act financial control system.

Conflict of Interest

The processes that MDEQ uses to prevent conflicts of interest in the development and implementation of the MSEP, as required by 31 C.F.R. § 34.503(b)(3), are guided by Mississippi law. Under Mississippi Code § 25-4-1 *et seq.*, "it is the policy of the state that public officials and employees be independent and impartial, that governmental decisions and public policy be made on the proper channels of the government structure; that public office not be used for private gain other than the remuneration provided by law; that there be public confidence in the integrity of government; and that public officials be assisted in determinations of conflicts of interest."

Further, MDEQ requires, where applicable, the completion of a non-collusion and conflict of interest affidavit certifying that there are no present or currently planned interests (financial, contractual, organizational, or otherwise) relating to the work to be performed under any contract or task order resulting from the proposed work that would create any actual or potential conflict of interest (or apparent conflicts of interest) (including conflicts of interest for immediate family members: spouses, parents, children) that would impinge on its ability to render impartial, technically sound, and objective assistance or advice or result in it being given an unfair competitive advantage. MDEQ also requires sub-recipients and contractors to notify MDEQ immediately of any potential or actual conflicts that may arise. If any potential or actual conflict cannot be resolved to MDEQ's satisfaction, MDEQ reserves the right to terminate the sub-award agreement or contract in place pursuant to the Termination for Convenience clause of the sub-award agreement or contract.

Section IV: Overall Consistency with the Goals and Objectives of the Initial Comprehensive Plan

Mississippi's initial MSEP focuses on two of the goals identified in the Initial Comprehensive Plan:

- Restore Water Quality – Restore and protect water quality of the Gulf Coast region's fresh, estuarine, and marine waters.
- Restore and Revitalize the Gulf Economy – Enhance the sustainability and resiliency of the Gulf economy.

Mississippi's initial MSEP focuses on three objectives identified in the Initial Comprehensive Plan:

- Restore, improve, and protect water resources.
- Protect and restore living and coastal marine resources.
- Promote community resilience.

Section V: Proposed Projects, Programs, and Activities

	Project Title	*Estimated Cost*	*Infrastructure (Yes/No)*	*Start Date*	*End Date*	*Primary Eligible Activity (number 1-11; see section 4.1.1 of Submittal Guidelines)*	*Informed by Best Available Science (Yes/No)*
1	Mississippi Gulf Coast Water Quality Improvement Program	$45 Million	No	08/01/2017	07/31/2022	1	Yes
2	Pascagoula Oyster Reef Complex Relay and Enhancement	$3.5 Million	No	08/01/2017	07/31/2022	1	Yes
3	Compatibility, Coordination, and Restoration Planning	$1.3 Million	No	08/01/2017	07/31/2021	8	No

Activity #1: Mississippi Gulf Coast Water Quality Improvement Program

Project Summary

This proposed program will support the restoration and protection of natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast Region through the implementation of water quality improvement projects. Activities within this program may run concurrently and include implementation of new or repairing/upgrading existing stormwater and wastewater systems, systematic source tracking to identify sources and stressors of water quality impairment, and monitoring of implemented projects.

Restoration of water quality has been identified as major restoration goal by the Gulf Coast Ecosystem Restoration Council. Multiple stakeholder engagement forums within the State of Mississippi have also pointed to the prioritization of the improvement of water quality for promoting ecosystem health, and restoring and revitalizing Mississippi's economy. Restoration and improvement of the quality of water, as a natural resource, will benefit the marine/coastal ecosystems, habitats, and fisheries, as well as the economy of the Mississippi Gulf Coast Region.

Systematic source tracking will be utilized to identify sources and stressors of water quality impairment. MDEQ and local city and county entities have extensive databases of water quality impairments, system failures, and stormwater management needs. Source tracking will use the identified water quality impairments (e.g., beach/advisory information) and systematically work upstream to identify the source of the impairment. Source tracking activities may include water quality sampling, tracking of pollutants, flow monitoring, stormwater and wastewater system testing, and could also include the sampling of marine nearshore sediments to provide an initial assessment of pollutant loading in the system. It has been noted that beach advisories are often issued with and without the influence of stormwater (i.e., not storm event driven), and thus it is imperative to understand the interaction and dynamics of marine nearshore sediments with regard to these advisories. Simultaneously, sediments will be tested for source pollutants (e.g., whether fecal coliform is derived from wildlife or humans).

Projects may be identified through existing data and analyses that demonstrate direct connectivity to water quality impairments, as well as, through the source tracking process where data gaps exist. Implementation may include engineering and design, any required permitting, and any needed repairs, upgrades, or construction of stormwater and wastewater management systems. Monitoring protocols and methodologies will be site specific and will use historic water quality impairment information (e.g., public alerts to problems and concerns), and city/municipality failure information as a baseline to gauge project success.

The program will also provide support to increase the analytical capacity of MDEQ's South Regional Office (SRO) in order to establish microbial analytical capability for the benefit and enhancement of water quality across the Mississippi Gulf Coast. One of the primary water quality problems that exist on the Mississippi Gulf Coast has been associated with elevated levels of harmful bacteria. Numerous beach advisories as well as restricted and prohibited shellfish growing waters can be attributed to high bacteria numbers. Further, MDEQ will develop a set of new procedures (e.g., quantitative polymerase chain reaction) that will enhance and expand monitoring capabilities in a number of ways such as rapid detection of bacteria (3-4 hours), same-day notification of recreational water quality, as well as provide MDEQ a mechanism to identify pollution sources within a specific watershed, both point and nonpoint sources.

This program may be coordinated with complementary water quality improvement efforts under other Deepwater Horizon related funding streams, including water quality activities funded under the Direct Component of the RESTORE Act. Activities also include program oversight and management, development, coordination, and execution of the grant award between MDEQ and the RESTORE Council and the sub-award between MDEQ and any sub-recipients.

Need: Mississippi coastal water resources, including bays and estuaries, beaches, coastal streams, and the Mississippi Sound, are regularly impaired by various sources of water pollution. The most common occurrence of impairment is currently beach advisories from stormwater and wastewater system failures. There is a significant need to identify these water quality impairment failures and implement solutions to restore water quality and promote ecosystem health.

Purpose: The purpose of this program is to restore water quality of Mississippi coastal water resources by targeting stormwater and/or wastewater improvements that will result in the improvement of water quality and the restoration and protection of natural resources.

Objective: Implement upgrades, repairs, and/or construction activities associated with stormwater and wastewater systems to restore water quality and promote ecosystem health.

Location: This program is located in Hancock, Harrison, and Jackson Counties, Mississippi.

Timeline: This program is anticipated to start 08/01/2017 and end 07/31/2022.

Additional Information: The proposed program will be administered by MDEQ. Components of individual projects within the program may be implemented by eligible sub-recipients.

Overall Economic or Ecological Contribution to the Recovery of the Gulf Coast: This program will support improvement of water quality for Mississippi coastal water resources. Improved water quality contributes to ecological recovery of the water column, promotes ecosystem health, and enhances production of living coastal and marine resources. Further, improvements to water quality enhance recreational opportunities on, and within, the respective water bodies and contribute to economic recovery through tourism and seafood industry sectors.

Eligibility and Statutory Requirements: This project is located in the Gulf Coast Region as defined by 31 C.F.R. § 34.2. This project qualifies as an eligible activity for Oil Spill Impact Component funding through 31 C.F.R. § 34.201(a) – restoration and protection of the natural resources, ecosystems, fisheries, marine, and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast Region, and 33 U.S.C. § 1321(t)(1)(B)(i)(I) of the RESTORE Act. The primary purpose of the project is restoration and protection of natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region. This project will restore water quality of Mississippi coastal waters, including beaches, and thus restore the water column (a natural resource), and restore and protect coastal and marine ecosystems, habitats, and fisheries.

Initial Comprehensive Plan Goals and Objectives:
This project aligns with the following Initial Comprehensive Plan goals:

- Restore Water Quality – Restore and protect water quality of the Gulf Coast region's fresh, estuarine, and marine waters; and
- Restore and Revitalize the Gulf Economy – Enhance the sustainability and resiliency of the Gulf economy.

This project supports the following Initial Comprehensive Plan objective:

- Restore, Improve, and Protect Water Resources.

Major Milestones:
Milestone – Identification of water quality improvement projects. MDEQ will identify and design specific projects that have direct connectivity to current water quality improvement. MDEQ will utilize current water quality information, collect new information, and perform a series of source tracking investigations

to identify source impairments to water quality issues. Furthermore, MDEQ will undertake source tracking of marine nearshore sediments to better understand mechanisms behind beach advisories and water quality impairments. Once identified, MDEQ will engineer and design respective projects.

Milestone – Implementation of identified water quality improvement projects. Once projects have been identified and designed for improvements, implementation activities will occur on those respective sites.

Milestone – Purchase Microbiological Laboratory Analytical Instrumentation. MDEQ will purchase necessary equipment for the SRO to enable timely microbiological analyses.

Milestone – Monitor water quality improvements on all implemented projects. For all implemented projects, MDEQ will monitor performance through water quality sampling, analyses, and advisory information.

Success Criteria/Metrics/Outcomes:

The anticipated outcomes of the water quality improvement program will be:

- Identified sources of water quality impairment; and
- Implementation of new or repairing/upgrading existing stormwater and wastewater systems.

Activity	Anticipated Project Success Criteria/Metrics	Short-term outcome	Long-term outcome
Implementation of water quality improvement projects	Pollutant load reduced Reductions in beach advisories Number of Engineering and Design plans	Stormwater and wastewater source repaired	Increased water quality with a resultant decrease in pollutant loads and associated advisories
Identify sources of impairment	Number of Engineering and Design plans Number of Research Studies	Planning on identified source pollutants Understanding of source contributions	Sustainable investment for identified water quality improvement

Monitoring and Evaluation: All implemented projects will be monitored for their effectiveness in improving water quality in the respective identified water resource impairments. For all impairments, trends over time will be compared to long-term advisory information to document changes. These trends will be closely paired with environmental conditions of water flow and climate to highlight and provide reasoning for any documented changes. Additional monitoring and evaluation criteria could include: modeling estimates for changes in infiltration and inflow, pressure gauge and/or smoke testing, pollutant monthly and stormwater event sampling, and flow. Regardless of the criteria, pre/post implementation methodologies will inform the identification of project changes to water quality.

Best Available Science: There are several water quality problems that exist on the Mississippi Gulf Coast, but the primary problem has been associated with elevated levels of harmful bacteria. Numerous beach advisories as well as restricted and prohibited shellfish growing waters can be attributed to high bacteria numbers. For a bacterial impairment, the impairment can come from a variety of sources – both near the shore and inland. They include storm-water runoff, boating waste, sewer overflows, wildlife, and other human activities. Elevated levels of bacteria are also associated with strong winds, which stir up sediments, and rain events. Estuarine waters are typically very productive and capable of producing large number of naturally occurring bacteria. The need exists for MDEQ to be able to differentiate the types of bacteria that exist in our waters. Most water quality problems in the Mississippi Gulf Coast Region are derived from a point source. Using a deductive approach to systematic problem identification is imperative to improving water quality. Once the problem is identified, engineering and design will allow the most sustainable approach to be taken that will ensure the sustainability of long term water quality improvement.

Budget/Funding
Estimated Cost of the Project and Amount to be Requested from Oil Spill Impact Component Funds: $45 million (10% - 35% Planning; 90% - 65% Implementation)
**The delineation of planning and implementation costs are nonbinding, preliminary estimates and will be further refined in the grant application phase.*

If funding for the project has been requested from other sources, describe any additional resource: None currently anticipated.

Partnerships/Collaboration: None currently anticipated.

Leveraged Resources: Leveraged resources will be dependent on the individual implemented projects. In all opportunities, MDEQ will look to leverage projects to maximize restoration investment.

Funds Used as Non-Federal Match: Funds used as non-federal match will be dependent on the individual implemented projects. In all opportunities, MDEQ will look to leverage restoration funding with federal programs, given the potential use of these funds as non-federal match.

Other: None currently anticipated.

Activity #2: Pascagoula Oyster Reef Complex Relay and Enhancement

Project Summary
This proposed project will support the restoration and protection of natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast Region by relaying oysters from the currently non-harvestable Pascagoula Oyster Reef Complex (ORC) to harvestable reefs and enhancing the ORC. The oyster restoration and management project may include benthic habitat mapping, reef monitoring, and relay of oyster resources to increase productivity on harvestable reefs.

Oyster restoration and management is critical to enhancing ecosystem functionality and the integrity of bays and estuaries in the Mississippi Sound. In a review of historical oyster abundance of oyster reefs compared to current abundance remaining, experts estimated that the Mississippi Sound has lost at least 90% of its oyster reefs (Beck et al., 2009). Oyster harvests have decreased from 400,000 sacks in 2004 to 26,000 sacks in 2015 (Governor's Oyster Council, 2015). This proposed project will restore, enhance, and replenish oyster populations on the Pascagoula ORC through increased understanding of oyster reef habitat acreage and volume, creating a scientifically-based oyster relay program to maximize sustainable oyster production, and monitoring production on the reef through time to adjust relay program targets for sustainable take and production.

High resolution benthic habitat data for oyster reef resources in the Mississippi Sound and associated bays and bayous are scarce, and to date, comprehensive efforts to map the benthic habitat have been focused primarily on depth measurements for navigational purposes and lack important information such as sediment composition. Obtaining spatially continuous benthic habitat data is an important step to both understanding the current status of, and identifying opportunities for, enhancement and expansion of the Pascagoula ORC. Benthic mapping will be applied to existing oyster reef areas and suitable areas adjacent to existing reefs for cultch deployment. The data collected will inform the best suited areas for the future oyster restoration.

Biological assessment/monitoring will determine current reef status (e.g., size, density, age class). Initial assessment and annual monitoring of existing Pascagoula ORC will create estimates of number of oysters by size class, and allow annual projections of oyster sacks to be moved through the oyster relay program. The Pascagoula ORC relay program will maximize the sustainable harvest (through monitoring data) and transfer of harvestable size class oysters from the Pascagoula ORC to harvestable grounds in the Mississippi Sound. This project will harvest the oysters from the original donor area, and unload the oysters for transport to the receiving deployment area. Under this project, relayed oysters will not be open to harvest for a period of time to be determined.

Activities also include program oversight and management, development, coordination, and execution of the grant award between MDEQ and the RESTORE Council and the sub-award between MDEQ and any sub-recipients.

Need: Historical oyster reefs in Mississippi totaled 14,845 acres. Currently, there are approximately 7,400 acres of harvestable reefs in the western portion of the Mississippi Sound. There is a need to enhance production of existing harvestable reefs, and for those reefs deemed non-harvestable, there is a need to understand opportunities for maximizing production and sustainable relaying from those sites to harvestable areas.

Purpose: The purpose of this project is to enhance productivity of the Pascagoula ORC. Enhancing productivity will increase ecosystem functionality of the reef itself, and increase harvest through sustainable oyster management (i.e., oyster relay program).

Objective: Implement benthic habitat mapping, reef monitoring, and relay of oyster resources to increase productivity on harvestable reefs.

Location: This project is located in the Mississippi Sound.

Timeline: This project is anticipated to start 08/01/2017 and end 07/31/2022.

Additional Information: The proposed project will be administered by MDEQ. Components within the project may be implemented by eligible sub-recipients.

Overall Economic or Ecological Contribution to the Recovery of the Gulf Coast: This project will significantly improve resource managers' understanding of oyster reef extent and density which will allow for improved management of the reef, specifically as a resource for relay to reefs that are in need of enhancement. Additionally, information collected by this project will inform future restoration efforts by providing crucial data that will help decision makers locate the appropriate sites for restoration implementation. Improving the understanding of the resource will ultimately bolster sustainable use of the reefs and contribute to economic recovery through the seafood industry sector. Further, improvements to oyster reef management can enhance local water quality conditions and ecosystem functioning.

Eligibility and Statutory Requirements: This project is located in the Gulf Coast Region as defined by 31 C.F.R. § 34.2. This project qualifies as an eligible activity for funding under the Oil Spill Impact Component funding through 31 C.F.R. § 34.201(a) – restoration and protection of the natural resources, ecosystems, fisheries, marine, and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast Region, and 33 U.S.C. § 1321(t)(1)(B)(i)(I) of the RESTORE Act. The primary purpose of the project is restoration and protection of natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region. This project will better characterize oyster resources in Mississippi coastal waters that help inform future restoration of the reef system and inform sustainable relay to increase fishery production.

Initial Comprehensive Plan Goals and Objectives:
This project aligns with the following two Initial Comprehensive Plan goals:

- Restore Water Quality – Restore and protect water quality of the Gulf Coast region's fresh, estuarine, and marine waters; and
- Restore and Revitalize the Gulf Economy – Enhance the sustainability and resiliency of the Gulf economy.

This project supports the following Initial Comprehensive Plan objectives:

- Restore, Improve, and Protect Water Resources;
- Promote Community Resilience; and
- Protect and Restore Living Coastal and Marine Resources.

Major Milestones:
Milestone – Benthic habitat map. Current bathymetric and volumetric technology will be utilized to create a detailed benthic habitat map of the Pascagoula ORC.

Milestone – Collection of biological data. Information will be collected from current oyster reef complex to determine reef status (size, density, age class). This data will inform the amount of oyster resources to be removed for relay to other reef systems on an annual basis.

Milestone – Initiation of the oyster relay program. An oyster relay effort will be initiated to extract and deliver oyster resources from the Pascagoula ORC to identified reefs.

Success Criteria/Metrics/Outcomes:

The anticipated outcomes of the Pascagoula ORC project will be:

- Identified path forward to productivity enhancements to the Pascagoula ORC; and
- Implementation of an oyster relay program, in which annual relay numbers of oyster are determined by monitoring, and oysters are placed in harvestable areas.

Activity	Anticipated Project Success Criteria/Metrics	Short-term outcome	Long-term outcome
Habitat Mapping of Oyster Grounds	Acres of reefs being mapped	Detailed habitat map created of current oyster reefs	Identifying and prioritizing areas to invest resources [e.g., future oyster reef development]
Oyster Relay Program	Oysters relayed	Program initiated Increased oyster production Increased economic benefit from fishing industry participation	Improved economic benefit to the oyster fishery Improved oyster productivity and habitat quality
Oyster Reef Monitoring	Acres of reefs being monitored	Detailed understanding of the oyster resource (size, density, age class) Determination of appropriate amount of oyster resources to relocate (# sacks)	Enhanced oyster management for a sustainable reef relay program

Monitoring and Evaluation: Benthic habitat mapping will be used to identify the extent and volume of the current oyster resource and will occur as a single event for this project. In addition, annual biological assessments will be performed to gain more detail on oyster characteristics. After the mapped data is analyzed and sampling sites are determined, dive samples will be collected at each field sampling location. All materials from the sample will be assessed and measured. Live oysters will be measured for shell height, density, and condition of shell. All collected materials will be returned to the reef once measurements and observations are complete. Physical data (e.g. salinity, dissolved oxygen, water temperature, depth, substrate type, etc.) will be collected once at each of the selected locations in order to establish baseline information. Biological assessment data collection will occur before and after oyster relay. Monitoring, recording and reporting of the relay activities from the Pascagoula ORC to designated areas will be monitored on an annual basis.

Best Available Science: Oyster reefs are of particular significance to the diverse ecology of the marine environment and the state's fisheries economy. Over the last century, Mississippi oyster reefs have been impacted by many factors. The first half of the century there was intensive fisheries extraction followed by concentrated dredging of reefs (1951-1973) for building blocks, poultry feed, and other products (Demoran, 1979; Kirby, 2004). This impact was exacerbated by coastal degradation from urban and industrial development and altered hydrological regimes. In a review of historic abundance of oyster reefs compared to current abundance remaining, Beck et al. (2009) estimated that the Mississippi Sound has lost at least 90% of its oyster reefs. Specifically at the mouth of the Pascagoula River, there are a number of foundational questions that need to be addressed to ensure the end goal of sustainable production. These questions center on: 1) Understanding benthic habitat – including the type of bottom cultch materials, reef profiles, and bearing strength and physical nature of sediments; and 2) Quantification of the resource – knowing precisely what is there will allow for measured decision making regarding oyster resource relay to ultimately ensure the sustainability of the habitat. Using a scientific approach to the resource allows for restoration opportunities for the reef in the future that will be sustainable and successful.

Budget/Funding
Estimated Cost of the Project and Amount to be Requested from Oil Spill Impact Component Funds: $3.5 million (10% - 35% Planning; 90% - 65% Implementation)
**The delineation of planning and implementation costs are nonbinding, preliminary estimates and will be further refined in the grant application phase.*

If funding for the project has been requested from other sources, describe any additional resource: None currently anticipated.

Partnerships/Collaboration: Mississippi Department of Marine Resources (MDMR)

Leveraged Resources: None currently anticipated.

Funds Used as Non-Federal Match: None currently anticipated.

Other: None currently anticipated.

References

Beck, M.W., R.D. Brumbaugh, L. Airoldi, A. Carranza, L.D. Coen, C. Crawford, O. Defeo, G.J. Edgar, B. Hancock, M. Kay, H. Lenihan, M.W. Luckenbach, C.L. Toropova, G. Zhang. (2009). Shellfish Reefs at Risk: A Global Analysis of Problems and Solutions. The Nature Conservancy, Arlington VA. 52 pp.

Demoran, W.J. (1979). A survey and assessment of reef and shell resources in Mississippi Sound. Report of investigations No.794. The Mississippi Mineral Resources Institute. University of Mississippi.

Governor's Oyster Council. (2015). The Governor's Oyster Council Restoration and Resiliency Final Report.

Kirby, M.X. (2004). Fishing down the coast: Historical expansion and collapse of oyster fisheries along continental margins. Proceedings of the National Academy of Sciences of the United States of America, 101(35), 13096-13099.

Activity #3: Compatibility, Coordination, and Restoration Planning

Project Summary
This proposed project will provide planning assistance to support MDEQ's coordinated restoration planning effort to maximize the effectiveness of coordination of restoration in the Gulf Coast Region and the development of new and/or amended State Expenditure Plan(s).

The RESTORE Council's Initial Comprehensive Plan outlines commitments to coordination and leveraging. The State of Mississippi has also established leveraging and coordination as core principles to maximize the effectiveness of restoration being implemented in the Mississippi coastal landscape. Across the restoration landscape there are coordination needs to enhance leveraging, integration, and compatibility in the development of new and/or amended MSEPs. Coordination activities may include, but are not limited to, participation in RESTORE Council activities directly related to this activity, collaboration of funding efforts to ensure compatibility and coordination of projects being considered to be placed on the MSEP, stakeholder engagement, project identification, evaluation, and development, the identification of the appropriate funding source to implement a project, and planning activities within Mississippi and adjacent states.

This proposed project will also enable the state of Mississippi to continue to apply this shared commitment of coordination and leveraging in subsequent MSEP development. Activities also include program oversight and management as well as the development, coordination, and execution of the grant award between MDEQ and the RESTORE Council.

Need: Multiple restoration plans and strategies have called for the need to coordinate and leverage funding sources to maximize ecological and economic recovery of the Gulf Coast.

Purpose: The purpose of this project is to support comprehensive restoration planning to inform the development of new and/or amended State Expenditure Plans.

Objective: Support comprehensive restoration coordination, leveraging, and planning for the development of new and/or amended State Expenditure Plans.

Location: This project will take place in the Gulf Coast Region.

Timeline: This project is anticipated to start 08/01/2017 and end 07/31/2021.

Additional Information: The proposed project will be administered by MDEQ.

Overall Economic or Ecological Contribution to the Recovery of the Gulf Coast: This project will provide coordination, leveraging, and planning activities that will maximize the overall economic and environmental recovery of the Mississippi Gulf Coast by ensuring coordination, project compatibility, maximizing benefits, and avoiding duplication of effort.

Eligibility and Statutory Requirements: This project is located in the Gulf Coast Region as defined by 31 C.F.R. § 34.2. This project qualifies as an eligible activity for Oil Spill Impact Component funding through 31 C.F.R. § 34.201(j) – planning assistance and 33 U.S.C. § 1321(t)(1)(B)(i)(VIII) of the RESTORE Act. The primary purpose of the project is planning.

Initial Comprehensive Plan Goals and Objectives:
This project aligns with the following Initial Comprehensive Plan goals:

- Restore Water Quality – Restore and protect water quality of the Gulf Coast region's fresh, estuarine, and marine waters; and

- Restore and Revitalize the Gulf Economy – Enhance the sustainability and resiliency of the Gulf economy.

This project supports the following Initial Comprehensive Plan objectives:
- Protect and Restore Living Coastal and Marine Resources;
- Promote Community Resilience; and
- Restore, Improve, and Protect Water Resources.

Major Milestones:
Milestone – State Expenditure Plan(s). MDEQ will write new and/or amended State Expenditure Plan(s) as a result of coordination between the various funding sources.

Success Criteria/Metrics/Outcomes:

The anticipated outcomes of the comprehensive coordination and planning effort will be:
- Identified opportunities for coordination and leveraging with other Deepwater Horizon funding sources;
- Coordination and leverage opportunities are vetted to ensure sustainability and success; and
- Approved MSEP(s) with a list of coordinated and leveraged projects and programs.

Activity	Anticipated Project Success Criteria/Metrics/ Outcomes:	Short-term outcome	Long-term outcome
Coordination and Planning for writing future MSEP(s)	Number of MSEPs written, submitted, and approved	New and/or amended MSEP(s) for public comment	Approved MSEP(s) with a list of coordinated and leveraged projects and programs

Monitoring and Evaluation: Coordination and leveraging will be integrated into the project development process. Semi-annual progress reports will highlight coordination activities and their respective bearing on future project development.

Best Available Science: Best Available Science will be considered and employed as appropriate and/or applicable throughout collaboration, coordination and planning activities covered by this program.

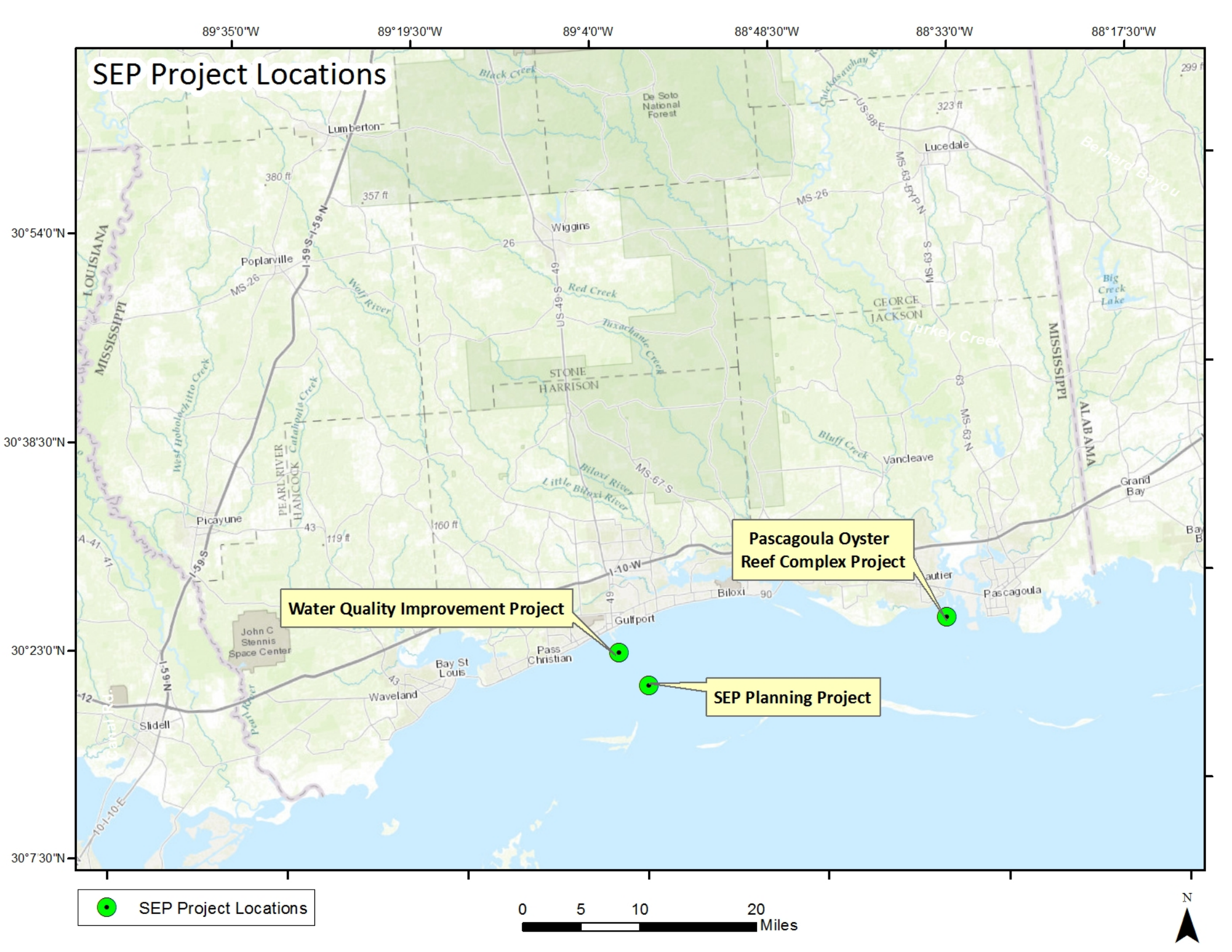
Budget/Funding
Estimated Cost of the Project and Amount to be Requested from Oil Spill Impact Component Funds: $1.3 million (100% Planning)

Partnerships/Collaboration:
- NFWF GEBF
- NRDA Trustees and Associated Trustee Implementation Groups
- Mississippi Based Restore Act Center of Excellence
- RESTORE Council
- U.S. Department of the Treasury

Leveraged Resources: None currently anticipated.

Funds Used as Non-Federal Match: None currently anticipated.

Other: None currently anticipated.


SEP Project Locations
89°35'0"W
89°19'30"W
89°4'0"W
88°48'30"W
88°33'0"W
88°17'30"W
30°54'0"N
30°38'30"N
30°23'0"N
30°7'30"N
Pascagoula Oyster Reef Complex Project
Water Quality Improvement Project
SEP Planning Project
SEP Project Locations
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THE STATE OF MISSISSIPPI'S RESPONSE TO COMMENTS REGARDING THE 2016 MISSISSIPPI STATE EXPENDITURE PLAN (MSEP)

On November 15, 2016 Mississippi made available its 2016 MSEP for public review and comment. The MSEP was announced by Governor Phil Bryant at a press conference in Biloxi, MS. Also, on November 15, 2016, MDEQ held the first Mississippi Restoration Summit at the Mississippi Coast Coliseum and Convention Center. The 2016 MSEP was announced at the Summit and project information was provided to the public. MDEQ representatives were available to the general public to discuss the projects and Vietnamese translation services were also available. A notice was published in the Sun Herald and Clarion-Ledger newspapers informing the public that the MSEP was available for public review and comment (See Exhibit A). An email blast and text message blast were also sent to those registered to receive notices (See Exhibit A). The MSEP and a corresponding map were posted to www.restore.ms and made available in both English and Vietnamese. The MSEP could also be requested via email, fax, telephone, or mail directly from MDEQ. Submission of public input was accepted electronically via www.restore.ms, as well as via email, fax, telephone, or mail directly to MDEQ. On December 15, 2016, MDEQ delivered an email message to remind the public that the public review and comment period for the MSEP would close on January 17, 2017. A final email was delivered to the public on January 13, 2017 as a reminder that the public review and comment period for the MSEP would close on January 17, 2017 (See Exhibit A).

During the public review and comment period, MDEQ received a total of 3 sets of comments. MDEQ reviewed all comments. Similar or related comments have been grouped and summarized for purposes of response and are represented in parentheses behind the comment. All comments submitted during the public review and comment period were considered by MDEQ and each activity in the plan was adopted after consideration of meaningful input from the public. MDEQ drafted summary comment statements to consolidate groups of similar comments into one statement or to summarize a particularly long comment.

This document includes the following sections:

Section 1: Comments on Specific Projects on 2016 MSEP
Section 2: General Comments on 2016 MSEP
Section 3: Comments on Future MSEP Projects

SECTION 1: COMMENTS ON SPECIFIC PROJECTS ON 2016 MSEP

1.1 MDEQ received comments requesting that some research should focus on existing water quality issues compounded by environmental pollution as a component of the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)*. (2)

MDEQ appreciates and acknowledges all comments, and understands and appreciates the importance of focusing efforts on existing water quality issues in order to restore water quality and promote ecosystem health. The Mississippi Gulf Coast Water Quality Improvement Program will use research and best available science to implement upgrades, repairs, and/or construction activities associated with stormwater and wastewater systems to restore water quality and promote ecosystem health.

1.2 MDEQ received comments requesting the development of performance/restoration metrics and uniform standards/measurements of water quality as part of the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)*. (2)

MDEQ appreciates and acknowledges all comments. Restoration metrics will be developed for the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)*. Water quality standards and measurements will be consistent with state requirements and protocols.

1.3 MDEQ received a comment stating that the commenter would like to see how the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)* will improve water quality and conditions on Mississippi oyster reefs. (2)

MDEQ appreciates and acknowledges all comments. This program will support improvement of water quality for Mississippi coastal water resources. Improved water quality contributes to ecological recovery of the water column, promotes ecosystem health, and enhances production of living coastal and marine resources.

1.4 MDEQ received comments supporting the relay component of the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)*. (2)

MDEQ appreciates and acknowledge all comments.

1.5 MDEQ received comments stating that it is critically important that local, experienced oyster harvesters/fishers have contracting work opportunities as part of the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)*. (2)

MDEQ appreciates and acknowledge all comments. The applicable state and/or federal procurement laws and regulations will be followed in procuring any services needed to perform work under the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)* project.

1.6 MDEQ received comments requesting that adequate notice be given before implementing any relay project. (2)

MDEQ appreciates and acknowledge all comments, and understands the importance of providing adequate notice to the public about the implementation of restoration activities. MDEQ has and will continue to follow the applicable state and/or federal laws, regulations, and procedures regarding public notice regarding the implementation of such activities.

1.7 MDEQ received comments requesting that MDEQ engage with fishers to help identify feasible reefs and conduct comprehensive reef monitoring before selecting site/reefs to place relayed oysters. (2)

MDEQ appreciates and acknowledges all comments, and recognizes the importance of engaging those with the requisite experience for the implementation of restoration activities. MDEQ has and will continue to comply with the applicable state and/or federal laws and regulations regarding the selection of contractors to perform any services needed to implement Mississippi's restoration activities and projects.

1.8 MDEQ received a comment in support of the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)*, including Mississippi's prioritization of coastal water quality and the effort put forth to leverage funds between the Direct Component and the Spill Impact Component (1).

MDEQ appreciates and acknowledges all comments.

1.9 MDEQ received a comment recommending that additional details about the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)* be included in the "Project Summary" and/or discussed in the "Partnerships/Collaboration" and "Leveraged Resources" sections. (1)

MDEQ appreciates and acknowledges all comments. The level of detail provided on this MSEP is consistent with the requirements outlined in the Gulf Coast Ecosystem Restoration Council State Expenditure Plan Guidance document. Additional information has been added to the MSEP to describe that this program may be coordinated with complementary water quality improvement efforts under other Deepwater Horizon related funding streams.

1.10 MDEQ received a comment suggesting that the "Project Summary" of the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)* include a discussion about the *Mississippi Gulf Region Water and Wastewater Plan (2006), the Mississippi Gulf Coast Water Assessment (February 2012),* and the *Mississippi Sound Estuarine Program (Planning and Implementation),* which was funded in by the RESTORE Council in December 2015 under the Funded Priorities List. (1)

MDEQ appreciates and acknowledges all comments. The Mississippi Gulf Region Water and Wastewater Plan, the Mississippi Gulf Coast Water Assessment and the Mississippi Sound Estuarine program are some of the many sources of information that will be used in the foundational source tracking research effort of the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1).*

1.11 MDEQ received a comment urging MDEQ to consider and integrate, as appropriate, approaches that address policy, education, and enforcement obstacles in water quality projects and programs. (1)

MDEQ appreciates and acknowledges all comments. MDEQ has and will continue to consider and integrate, as appropriate, approaches that address policy, education, and enforcement obstacles in water quality projects and programs.

1.12 MDEQ received a comment recommending that a more detailed breakdown of the project budget be provided in order to better understand the funds earmarked for source tracking, monitoring, evaluation, and implementation of projects that address water quality impairments. (1)

MDEQ appreciates and acknowledges all comments. Additional information has been added to the MSEP to describe that the estimated breakdown of planning and implementation funds. The delineation of planning and implementation costs are nonbinding, preliminary estimates and will be further refined in the grant application phase.

1.13 MDEQ received a comment requesting additional information as to how increased analytical capacity through the *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)* will use existing databases to assess needs. (1)

MDEQ appreciates and acknowledges all comments, and understands and appreciates the importance of utilizing existing data. The *Mississippi Gulf Coast Water Quality Improvement Program (Activity #1)* will use existing information in databases, new research, and best available science to implement upgrades, repairs, and/or construction activities associated with stormwater and wastewater systems to maximize the restoration of water quality and promote ecosystem health. Furthermore, MDEQ will increase analytical capacity of the Southern Field Office to enhance data collection efforts in time and space, to further assess needs and prioritization of water quality improvements.

1.14 MDEQ received a comment recommending that the MSEP be amended to provide more detail about the harvesting capacity of the Pascagoula Oyster Reef Complex. (1)

MDEQ appreciates and acknowledges all comments. This project will support the restoration and protection of natural resources by relaying oysters from the non-harvestable Pascagoula Oyster Reef Complex (ORC) to harvestable reefs and enhancing the ORC. The oyster restoration and management project may include

benthic habitat mapping, reef monitoring, and relay of oyster resources to increase productivity on harvestable reefs.

1.15 MDEQ received a comment suggesting that a timeframe should be added to the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)* to ensure that a minimum of at least one growing season is allowed such that productivity is gained from the oyster transplants. (1)

MDEQ appreciates and acknowledges all comments, and the importance of oyster reef productivity. MDEQ will continue to take such into consideration when determining the appropriate timeframe for harvesting. Further, all applicable state and/or federal laws, regulations, and procedures associated with harvest time frames associated with oyster removal and transfer will be followed.

1.16 MDEQ received a comment requesting that quantifiable goals (i.e., how many oysters relayed, how many acres of reef are benefitting from relay, what expanse of benefitted area will be monitored) be identified. (1)

MDEQ appreciates and acknowledges all comments. As part of the project, restoration metrics will be developed.

1.17 MDEQ received a comment requesting that additional information be included under the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)* "Best Available Science" section to explain how oyster reef health is impacted by urban and industrial development and altered hydrology. (1)

MDEQ appreciates and acknowledges all comments. The level of detail provided on this MSEP is consistent with the requirements outlined in the Gulf Coast Ecosystem Restoration Council State Expenditure Plan Guidance document.

1.18 MDEQ received a comment requesting a broader discussion about how MDMR's existing oyster program will be integrated with the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)* and how MDMR will advise on siting, suitability, etc. (1)

MDEQ appreciates and acknowledges all comments. MDEQ is partnering with the Mississippi Department of Marine Resources (MDMR) in outlining siting, suitability, and other procedural mechanisms associated with the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)* project.

1.19 MDEQ received a comment requesting a broader discussion about collaboration with NRDA Early Restoration projects such as the Mississippi Oyster Cultch Project, Hancock County Marsh Living Shoreline Project as well as the Oyster Restoration and Management – Phase 1 Project and some components of the Reef Fish Assessment for Mississippi Coastal and Nearshore Gulf Waters Project as it relates to the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)*. (1)

MDEQ appreciates and acknowledges all comments. MDEQ, as the implementing agency for Mississippi, recognizes the importance of coordination between NFWF, NRDA, and RESTORE funded restoration efforts. MDEQ has and will continue to consider current restoration activities and projects under NRDA, RESTORE, and NFWF when proposing restoration activities under any of the funding streams.

1.20 MDEQ received a comment requesting a broader discussion about the *Pascagoula Oyster Reef Complex Relay and Enhancement (Activity #2)* and whether there are appropriate or potential intersections with Restoring Living Shorelines and Reefs in Mississippi Estuaries (NRDA early

restoration) and/or amended MIP Activity #13 University of Southern Mississippi Oyster Hatchery & Research Center and/or initial MIP Activity #8 Off-Bottom Oyster Aquaculture Program. (1)

MDEQ appreciates and acknowledges all comments. MDEQ, as the implementing agency for Mississippi, recognizes the importance of coordination between NFWF, NRDA, and RESTORE funded restoration efforts. MDEQ has and will continue to consider current restoration activities and projects under NRDA, RESTORE, and NFWF when proposing restoration activities under any of the funding streams.

SECTION 2: GENERAL COMMENTS ON 2016 MSEP

2.1 MDEQ received a comment requesting an additional two-week extension of the public comment period due to difficulties with language access. (2)

MDEQ appreciates and acknowledges this comment. MDEQ did not extend the public comment period as this comment has requested. The public comment period for the proposed MIP Amendment was open from November 15, 2016 to January 17, 2017 for a total of 64 days, which exceeds the required 45-day comment period.

2.2 MDEQ received a comment in support of the five-phase approach MDEQ took to developing this MSEP. (1)

MDEQ appreciates and acknowledges all comments.

2.3 MDEQ received a comment recommending that the final MSEP and future iterations include an addendum that lists the projects that made it through the filtering analysis and then were used to develop the MSEP projects. (1)

MDEQ appreciates and acknowledges all comments. The MSEP describes the process used to identify projects for inclusion on the MSEP. All projects in the Mississippi Restoration Project Idea Portal at the time of project filtering (883 projects) can be found on www.restore.ms.

2.4 MDEQ received a comment in support of Mississippi's continued commitment to developing a holistic approach to leverage capacities, partnerships, and dollars available across the DWH funding streams and processes related to *Compatibility, Coordination, and Restoration Planning (Activity #3)*. (1)

MDEQ appreciates and acknowledges all comments.

SECTION 3: COMMENTS ON FUTURE MSEP PROJECTS

3.1 MDEQ received comments stating that there is a tremendous need to implement more oyster relay projects. (2)

MDEQ appreciates and acknowledges all comments. MDEQ has and will continue to take into consideration such comments received. Project ideas may be submitted using the Mississippi Restoration Project Idea Portal on www.restore.ms.

3.2 MDEQ received comments stating that there are significant knowledge gaps related to oysters and there is a need to contract independent oyster biology experts that can conduct comprehensive oyster monitoring and engage with local fishing communities. (2)

MDEQ appreciates and acknowledges all comments. MDEQ has and will continue to take into consideration such comments received.