



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/Municipal Commercial Wastewater Division (MCWD)/Construction Branch

SUBJECT: **Water Pollution Control Revolving Loan Fund (WPCRLF)
FY-26 Funds Availability Notification**

DATE: February 1, 2025

IT'S TIME TO START PLANNING PROJECTS FOR FY 26 CWSRF FUNDING!!

Though it's still early in FY 25, now is the time to begin the planning process for your wastewater project to be funded in FY-26 through the Water Pollution Control Revolving Loan Fund (WPCRLF) Program [Mississippi's Clean Water State Revolving Fund (CWSRF) Program]. We again anticipate significant WPCRLF loan and subsidy funding will be available in FY-26, but demand for WPCRLF funding has been increasing significantly due in part to the historically low interest rates and additional subsidy funding made available through the federal Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law (IIJA/BIL). So, it's very important to begin planning now and to stay on schedule so that your project meets the FY-26 Priority System Deadlines.

For FY-26 we anticipate **loan funds availability in excess of \$70 million, this includes subsidy funds availability of at least \$15 million.** And, though market interest rates have been 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!!** Also, don't forget that the subsidy affordability criteria have been revised, and now subsidy is available not only to "Small/Low-Income Communities" but also to larger applicants which may not have met the affordability criteria in the past, but are pursuing funding for projects in qualifying portions of their service areas. (See "Subsidy Funding/Revised Affordability Criteria" below for more details.).

So, don't delay! ACT NOW!! See the following schedule for details on how to begin the planning process and ensure that your project meets the Priority System Deadlines and becomes ready for award of a WPCRLF loan (and possibly subsidy) in FY-26.

OFFICE OF POLLUTION CONTROL

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AN EQUAL OPPORTUNITY EMPLOYER

FY-26 PRIORITY SYSTEM/FUNDING SCHEDULE

If you are an eligible loan applicant (any county, municipality, public utility, authority, district, political subdivision or other governmental unit created under state law) and are interested in receiving WPCRLF funding for a wastewater, stormwater, or non-point source pollution control project, please note the following schedule of actions needed for your project(s) to be considered for funding during FY-2026:

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.

By April 15, 2025, complete and submit an FY-26“Ranking Request 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-26.

By June 15, 2025, 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.**

By September 1, 2025, 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.

By October 1, 2025, hold the public hearing.

By November 1, 2025, [Priority System Deadline] submit a complete WPCRLF facilities plan* to MDEQ.

By March 1, 2026, [Priority System Deadline] a completed WPCRLF loan application and all associated documents required by the WPCRLF regulations and the supplemental guidance for FY-23 and after projects (described below) must be submitted to MDEQ.

By August 1, 2026 , [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-23 and after projects (described below). Only those projects which meet the November 1, 2025, deadline will be ranked on the FY-26 Priority List. Those with late or incomplete plans which do not meet the deadline will be listed on the FY-27 and After Planning List, but may also be funded as “catch-up projects” in FY-26 if they proceed to become ready for award, and adequate funds in excess of those needed for Priority List projects are available.

SUBSIDY FUNDING/REVISED AFFORDABILITY CRITERIA

As mentioned above, the CWSRF subsidy affordability criteria have been reevaluated/ revised based on the IJJA/BIL's emphasis on "disadvantaged communities." The revisions are intended to ensure subsidy availability to not only "small/low-income" communities as a whole, but also to larger, previously non-qualifying communities which are pursuing funding for projects in portions of their service areas which do qualify. Accordingly, the previous "Small/Low Income Community" subsidy criteria has been expanded/replaced with the following 2-tier criteria:

1) Subsidy-eligible projects* for applicants whose Service Area has a population of 4,000 or less, and a Median Household Income (MHI) of \$40,000 or less will be listed in Tier 1. All other subsidy-eligible projects will be listed in the Tier 2.

2) Within Tier 1, each applicant's Service Areas will be scored based on six (6) "Affordability Factors (AFs)." Within Tier 2, each Project Area will be scored based on those same AFs,* which are as follows:

1 Point(s): If Per Capita Income is confirmed to be \leq 80% of national average

1 Point(s): If Unemployed Population is confirmed to be \geq 3.4%

1 Point(s): If Vacant Households are confirmed to be \geq 12.1%

1 Point(s): If Population Living 200% Below Poverty Level is confirmed to be \geq 30.9%

1 Point(s): If Population Speaking English "Not Well" or "Not at All" is confirmed to be \geq 10%

1 Point(s): If Population Receiving Food Stamps/SNAP is confirmed to be \geq 11.7 %

3) Projects will then be ranked in their respective tiers based on the following:

- First on highest to lowest total Affordability Factor score (AFT),
- Then on lowest to highest Service Area Median Household Income (MHI),
- Then on lowest to highest Service Area Population (Pop).

4) Subsidy funding will be reserved first for all projects in Tier 1 that rank within the available subsidy funds. Any remaining subsidy funding (not reserved for Tier 1 projects) will be reserved for all projects in Tier 2 that rank within the remaining available subsidy funds. Subsidy funding will remain reserved for a project until it becomes ready for loan award, provided all WPCRLF Priority System Deadlines for the Fiscal Year (FY) are met. If a Priority System Deadline is missed, the subsidy funds reserved for that project will be released and made available for award to any subsidy-eligible project (including that project) on a first-come, first-served basis as they become ready for award.

The amount of subsidy (in the form of "principal forgiveness") for projects ranked in either tier is **80% of the total loan amount, up to a maximum subsidy of \$4,000,000**. This maximum subsidy limitation applies per applicant per fiscal year.

*Note: To be considered subsidy-eligible, projects must fall within WPCRLF Priority System Categories Two (2) through Eight (8) (see latest Intended Use Plan). Also, Tier 2 projects must score at least 1 AF point. Unless the proposed project covers the entire Service Area (such as a wastewater treatment plant project) MDEQ will not be able to determine a Tier 2 project's subsidy eligibility until a map clearly and accurately delineating the Project Area is submitted. If a Project Area consists of two or more non-contiguous areas, they will likely have to be scored and ranked as separate projects.

EMERGING CONTAMINANTS FUNDING

MDEQ continues to explore the need for, and best way(s) to implement, the CWSRF subsidy funding made available through the IIJA/BIL for “Emerging Contaminants.” If you are aware of any funding needs for projects to address emerging contaminants (PFAS, PFOAS, micro-plastics, etc.), 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 funds until FY-23, therefore, all FY-23 and after WPCRLF-funding project are now required to 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 available on EPA’s BABA webpage at <https://www.epa.gov/cwsrf/build-america-buy-america-baba>. Also, WPCRLF-specific BABA guidance is available for applicants/recipients of FY-23 and after loans in MDEQ’s WPCRLF supplemental guidance (See below).

NEW SUPPLEMENTAL GUIDANCE FOR FY-23 AND AFTER PROJECTS

Please be aware that there is a new supplemental guidance document entitled, “GUIDANCE FOR WATER POLLUTION CONTROL REVOLVING LOAN FUND PROJECTS FUNDED BEGINNING FEDERAL FY 2023 (OCTOBER 1, 2022, AND AFTER),” which must be used in conjunction with the previously existing program checklist/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 \$3.9 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 Brent Jones, Construction Branch Chief via the email address or phone number 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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