

12. *Category XII – Consolidation Projects*

This category includes projects to consolidate separate systems into a single system for purposes other than those related to Categories II through IX. Consolidation will also be considered in establishing priority ranking within all categories, as described in the Priority Ranking Criteria in Section C.

13. *Category XIII – Other*

This category includes projects that do not meet the criteria of any other listed category and have been determined loan eligible in accordance with the DWSIRLF loan program regulations.

C. Priority Ranking Criteria

The criteria for ranking Standard DWSRF projects within each category is intended to give priority to projects that: (1) benefit the most people per dollar expended; (2) assist systems most in need on a per household affordability basis as required by the SDWA (3) use consolidation with other systems to correct existing deficiencies and improve management; (4) take into consideration the system's current capacity; (5) encourage participation in short-term and long-term technical assistance programs; and (6) encourage an Asset Management Plan participation in the Drinking Water Needs Survey. These considerations are addressed by the Priority Ranking Criteria in the following manner:

1. *Benefit/Cost*

Benefit/Cost points assigned to each project will be determined using the following formula:

$$\text{Benefit/Cost Points} = \frac{\text{Number of benefiting connections}}{\text{Total eligible cost of improvements (in \$1.0 millions)}}$$

The number of benefiting connections must be included in the facilities plan submitted by the applicant; be defined as the sum of individual connections **currently experiencing deficiencies that will be corrected by the improvement**; and include only existing residences, businesses, and public buildings. Applicants must furnish information (including hydraulic analysis, if necessary) to support their estimate of the number of benefiting connections. The total eligible cost is in millions of dollars (i.e., \$800,000 = \$0.8 M).

2. *Affordability Factor*

An affordability factor will be assigned to each project to reflect the relative needs of applicants on a per household basis. The Benefit/Cost points calculated in Section C.1. will be adjusted using the affordability factor in the following formula:

$$\text{Adjusted Benefit/Cost Points} = (\text{Affordability Factor}) \times (\text{Benefit/Cost Points})$$

The affordability factor used in the calculation is defined as the ratio of the “Median Household Income” (MHI) for the State of Mississippi (\$54,915) to the MHI for the affected community. The affordability factor used in the calculation will be no less than 1.0 and no greater than 1.5.

3. *Consolidation*

Any project that includes consolidation (ownership and management) of separate existing systems into a single system will receive consolidation points equal to 0.5 times the Adjusted Benefit/Cost points assigned to the project. The purpose of assigning consolidation points is to promote reliability, efficiency and economy of scale that can be achieved with larger water systems while discouraging the proliferation of numerous separate small systems with their inherent inefficiencies and limitations. Projects, in any priority category, that do not include consolidation will receive zero consolidation points in the final calculation of total priority points.

$$\text{Consolidation Points} = 0.5 \times (\text{Adjusted Benefit/Cost Points})$$

4. *System Capacity*

Any project that includes scope of work to address critical design capacity issues (systems that are currently overloaded or within two (2) years of reaching their current design capacity, as determined by MSDH) will receive additional priority points equal to 25% of the Adjusted Benefit/Cost points assigned to the project. Documentation of the system capacity analysis and recommendations to address the design capacity issues must be addressed in the facilities plan to be eligible for these additional priority points.

$$\text{System Capacity Points} = 0.25 \times (\text{Adjusted Benefit/Cost Points})$$

5. *Participation in Short-Term & Long-Term Assistance Programs*

The MSDH, with the Board’s approval, has contracted with Mississippi State University Extension Service to provide both short-term and long-term assistance to designated water systems in the state based on their scores on the latest Capacity Assessment Form (CAF). This assistance is provided at no cost to the water systems.

Participation by the water systems in these assistance programs is voluntary; however, any water system that has participated in either of these assistance programs within the past two years will be eligible to receive additional priority points equal to 5% of their Adjusted Benefit/Cost Points. Water systems that have implemented all the recommendations made by Mississippi State University Extension Service will receive additional priority points equal to 5% of their Adjusted Benefit/Cost Points for a total of 10%. Documentation of participation in either of these assistance programs and implementation of the recommendations made by Mississippi State University Extension Service must be included in the facilities plan before additional priority points will be granted.

$$\text{Assistance Points} = \underline{\quad ** \quad} \times (\text{Adjusted Benefit/Cost Points})$$

*** 5% if the water system participates in the assistance, or 10% if the water system participates in the assistance and implements all recommendations*

5. *Asset Management Plan*

Any water system certifying and providing support of their Asset Management Plan's implementation or maintenance to MSDH will be eligible to receive additional priority points equal to 10% of their Adjusted Benefit/Cost Points.

$$\text{Asset Management Plan} = 0.10 \times (\text{Adjusted Benefit/Cost Points})$$

7. *Ranking Within Each Category*

Within each category, projects will be ranked in order based on the total points assigned to the project using the following formula:

$$\text{Total Priority Points} = \text{Adjusted Benefit/Cost Points} + \text{Consolidation Points} + \text{System Capacity Points} + \text{Assistance Program Points} + \text{Needs Survey Points}$$

Projects receiving the most priority points will be given the highest ranking on the Priority List. In case of a tie in the number of priority points, projects with the lowest median household income will receive the highest ranking.

8. *Small Community Set-Aside*

Following completion of the ranking process, the Priority List will be reviewed to determine if at least 15% of available funding for projects above the funding line is for public water systems which regularly serve fewer than 5,000 people, which the Board has defined as a small community for the purposes of this set-aside. If this is not the case, the Priority List will be adjusted by exchanging the lowest ranking projects above the funding line that serve 5,000 or more with the highest-ranking projects below the funding line that serve fewer than 5,000, until the 15% requirement is satisfied.

D. Priority System Deadlines

1. By October 2, 2024, a complete DWSIRLF facilities plan, prepared in accordance with the DWSIRLF loan program regulations, must be submitted to MSDH. A complete DWSIRLF facilities plan includes: all Intergovernmental Review (IGR) agency comments; proof of publication of advertisement for public hearing; a transcript of the public hearing comments; copies of any comments received from the public; and a summary of how each comment was addressed. The loan applicant should provide a copy of the facilities plan to USDA - Rural Utilities Service (RUS); if the loan applicant has an existing debt with RUS, their approval to incur the additional debt must be obtained and provided as part of the plan.

Any significant changes made to the facilities plan (i.e., changes in the chosen alternative location of the facility, cost increases that substantially affect the financial capability of the loan recipient) after this date will be considered a first submittal of the facilities plan. The loan applicant will then be in violation of the Priority System deadline and the project will be placed on the planning portion of the priority list. If the change is made after the adoption of the IUP, funds reserved for this project may be released and made available to other projects.

This deadline also applies to all projects competing for released funds during FFY-2025 and to be able to qualify for the Previous Year Certified Projects Category in the next FFY's IUP.

2. By May 1, 2025, a completed DWSIRLF loan application and all associated documents as described in the DWSIRLF regulations must be submitted to the Department. Prior to preparing these documents, the potential applicant and/or its registered engineer must request and receive a DWSIRLF application and guidance. It is recommended that they request a pre-application conference with DWSIRLF staff as early in the application process as practical. This deadline also applies to all projects competing for released funds during FFY-2025 and to be able to qualify for the Previous Year Certified Projects Category in the next FFY's IUP.
3. By August 1, 2025, all approvable documents and responses to comments necessary for the loan award must be submitted to the Department for its review and approval. This deadline also applies to all projects competing for released funds during FFY-2025 and to be able to qualify for the Previous Year Certified Projects Category in the next FFY's IUP.