

**Mississippi Development Authority  
Mississippi**

**Gulf Coast Regional Infrastructure  
Program**

**Recovery Action Plan Amendment 2**

## **Overview**

This amendment to the Recovery Action plan pertains to an additional use of the \$5.058 billion allocation to Mississippi from HUD resulting from the \$11.5 billion federal appropriation through HR 2863 to the states of Mississippi, Louisiana, Alabama, Florida and Texas. These monies have been designated by Congress for “disaster relief, long-term recovery and restoration of infrastructure in the most impacted and distressed areas related to the consequences of hurricanes in the Gulf of Mexico in 2005.” The Mississippi Development Authority (MDA) is the State’s designated agency responsible for administering CDBG funds. With regard to the Gulf Coast Regional Infrastructure Program, MDA will manage the accountability of funds, while the Mississippi Department of Environmental Quality will provide technical oversight and project management.

The partial action plan consisted of the Homeowner Assistance Grant Program, a Grant Program to Local Governments for building and permitting officials and the establishment of an Office of Fraud Prevention and Investigations. It included a requested amount of \$3.560 billion of the State’s \$5.058 billion allocation.

The total estimated amount allocated for the Gulf Coast Regional Infrastructure Program including administrative costs, is \$500 million and individual projects to be funded will be identified during the Master Plan development. Of this \$500 million amount, this amendment is for the following:

- Emergency Fund - \$25 million
- Master Plan - \$6.5 million
- Administration - \$1.575 million of the emergency and master plan funds above

The CDBG Disaster Recovery Partial Action Plan and Proposed amendments and their status include:

- Homeowner Assistance Grant Program - \$3.26 billion, approved by HUD and operational
- Public Housing Program - \$105 million, submitted to HUD for final approval
- Ratepayer and Wind Pool Mitigation Program - \$410 million, submitted to HUD for final approval
- Economic Development & Community Revitalization Program - \$300 million, under discussion with HUD

## **Mississippi Gulf Coast Regional Infrastructure Program**

Hurricane Katrina made land fall in Mississippi on August 29, 2005 and turned out to be the worst natural disaster to ever hit the United States. Damage along Mississippi’s Gulf Coast was widespread and damage estimates were over \$125 billion dollars. FEMA reported there were 65,380 homes in south Mississippi damaged or destroyed and estimated there were 44 million cubic yards of debris in south Mississippi. During the aftermath of the storm many citizens along the Mississippi Gulf Coast were without basic services such as potable water and wastewater for many days due to infrastructure being heavily damaged.

It is anticipated that due to the widespread damage of residences in this area from the storm, many citizens will relocate to areas within the six-county coastal area which will not be prone to flooding and other storm related damage in a storm like Hurricane Katrina. Many of these areas do not have adequate water, wastewater, and storm water infrastructure. Additionally, since August 29, 2005 the local governments of the Mississippi Gulf Coast are working to address many infrastructure issues dealing with rebuilding and repair as well as determining and planning future infrastructure needs.

The Governor has recognized that providing our citizens with reliable water, wastewater, and storm water infrastructure is critical to the long-term recovery of the Mississippi Gulf Coast - thus the creation of the Mississippi Gulf Coast Regional Infrastructure Program. Specific deliverables of the program will be 1) to provide infrastructure for the local areas who are reacting to demands placed on existing infrastructure caused by populations shifts which have occurred as a result of Katrina and to accommodate future growth (whether driven by population shifts or economic-development), and 2) to move toward and implement a regional infrastructure system – a necessity to promote maximum utilization of resources and efficiency of services.

One important step toward regionalization taken by the State is the 2006 Mississippi Gulf Region Utility Authority Act. This new law provides for the creation of a water, sewer, and storm water utility authority for each of the six coastal counties in the disaster area – Pearl River, Stone, George, Hancock, Harrison and Jackson. A Gulf Region Utility Board will advise the six individual authorities. This regional concept will enhance local governments' abilities to work jointly in the management of water, wastewater and storm water services, irrespective of political boundaries, and provide a mechanism for sharing treatment systems and services to achieve cost efficiencies.

The next step toward regionalization is the development of a Master Plan. The initial use of the CDBG funds under the Program will be to develop a Master Plan to determine the needs for water, wastewater, and storm water infrastructure in the six coastal counties. The Master Plan will include the following:

- Assessment of pre and post-Katrina water, wastewater, and storm water infrastructure
- Assessment of projected growth and relocation patterns in the six counties
- Development of short-term and long-term water, wastewater, and storm water infrastructure needs and costs
- Development of prioritization process for required infrastructure

Stakeholders will be included in all aspects of the plan development and will include local, state, and federal officials, industry, and local citizens. Prior to proceeding with implementation of the master plan, MDA will submit the plan (in whole or in part) to HUD for final review. Public comment and citizen participation will be an integral part of the Master Plan development. This information, along with the State's response, will be included with the final plan submission (whether submitted in whole or in part). Because the public comment period will be included in

the development of the master plan, an additional period of public comment will not be required prior to approval by HUD. Instead, HUD will be able to consider the citizen participation included in the master plan and proceed directly with final approval.

It is anticipated that the development of the Master Plan will take several months to complete. During this time, it may be necessary to address instances of critical need in a particular community which have been created by the impact of Hurricane Katrina – either through physical destruction or shifting of demand. To this end, a \$25 million emergency fund will be created to address critical circumstances and will be administered by MDA and MDEQ. Criteria for determination of award under the emergency fund are as follows:

- a. The project is not eligible for Federal Emergency Management Agency (FEMA) funding, and
- b. The project was necessitated by a direct or indirect result of conditions caused by Hurricane Katrina, and
- c. Construction of the project cannot reasonably be delayed until the Master Plan is completed, and
- d. The project is necessary to prevent or reduce the threat of loss of life, or
- e. The project is necessary to correct an imminent public health threat, or
- f. The project is necessary to correct damage to the environment that has resulted in public contact with or consumption of polluted or contaminated drinking or surface waters.

On implementation of the Master Plan, unspent monies from the emergency fund will be used for Master Plan projects.

Grant monies will be made available to units of local government in the six coastal counties – Pearl River, Stone, George, Hancock, Harrison, and Jackson. The Mississippi Department of Environmental Quality (DEQ) will be the responsible agency to determine eligible projects and will recommend to the Mississippi Development Authority infrastructure projects to be funded. The Mississippi Department of Environmental Quality and the Mississippi Department of Health will require and review all engineering plans and specification for construction projects and will perform field inspections during any construction phase to ensure compliance with submitted plans and specifications. Mississippi Development Authority will be responsible for handling grant applications and fiscal management of CDBG funds.

This Amendment provides approval to fund the Master Plan (estimated at a cost not to exceed \$6.5 million) and provides up to \$25 million in emergency grants, with all applicable administrative costs, and with unspent proceeds being eligible for use on Master Plan projects.

### **Monitoring**

As stated above DEQ as well as the Mississippi Department of Health will review all engineering plans and specification for construction projects. They will also conduct field inspections during the construction phase to ensure compliance with the submitted plans and specifications. DEQ will be the first point of authorization of all invoices associated with the Master Plan or grants under the emergency grant program. MDA will provide fiscal oversight

and accounting reconciliations and work closely with DEQ to coordinate management and disbursement of all funds in accordance with the plan requirements.

### **Investigation and Mitigating Occurrences of Fraud, Abuse and Mismanagement**

MDA and DEQ will work with HUD to develop procedures for mitigating instances of fraud, abuse, and/or mismanagement. A significant control element will be that MDA, DEQ and its contractors have specific segregated duties, with verification and controls at all levels. Additionally, the Auditor of the State of Mississippi will have an investigative team assigned to investigate suspected instances of fraud.

### **Complaint Referrals**

Complaints alleging a specific violation of a statutory or regulatory requirement, including Congressional inquiries, received by HUD at the Headquarters, Regional, or Field Office level will be forwarded to the appropriate State office for the response.

### **Procurement**

MDA and DEQ will follow applicable State Purchasing Statutes for the procurement of goods and services. Any deviations from normal procurement practices will be in compliance with State policies and procedures and will be appropriately documented.

### **Minority and Women's Businesses**

MDA and MDEQ recognize HUD's policy to award a fair share of contracts to minority and women businesses and shall require grant recipients are assured the opportunity for participation. Grant recipients shall be required to include fair share objectives in the bid documents for Contractors and Subcontractors related to drinking water, wastewater and storm water projects.

The grant recipient must undertake the following steps in the procurement of materials, equipment supplies and construction:

- a. Including minority and women's business on solicitation lists;
- b. Assuring that minority and women's businesses are solicited whenever they are potential sources;
- c. Dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation of minority and women's businesses;
- d. Establishing delivery schedules, where the requirements of the work permits, which will encourage participation by minority and women's businesses;
- e. Using the services and assistance of the Small Business Administration and the Office of Minority Business Enterprises Division of the MDA and the Grant Procurement Centers of the U.S. Department of Commerce, as appropriate; and
- f. Including these steps in any subcontracts awarded under any contract;
- g. The grant recipient, engineer and prime contractor(s) must also follow the guidance in MDEQ policy document "Utilization of Minority."

## **Local Participation**

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3) was enacted to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. MDA and MDEQ shall require that grant recipients retain contractors who will comply with HUD regulations 24 CFR Part 135, in which HUD established standards and procedures to be followed to ensure that the objectives of section 3 are met.

### **Policy Statement:**

MDA and MDEQ will require grant recipients, to the greatest extent feasible, to require grant recipients to retain contractors who provide economic opportunities to low and very low income persons (as defined in 24 CFR Part 135.5) residing in the Gulf Coast Region or to retain businesses meeting the definition of "Section 3 business concern" (as defined in 24 CFR Part 135).

### **Goals:**

Grant recipients must encourage all of its contractors who will be undertaking Section 3 covered projects and activities on behalf of MDA to demonstrate compliance with the "greatest extent feasible the goals set forth below for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns. In meeting the goals, contractors are to apply a system of priority selection from among those Section 3 residents eligible pursuant to §135.34, 24 CFR Part 135:

First priority – residents of the development where the work is to be performed.

Second priority – other residents of the Gulf Coast Region.

Third priority – other residents of the Gulf Coast Region who are participants of HUD Youthbuild programs being carried out in the Gulf Coast Region.

Fourth priority – other persons from the Gulf Coast Region and Mississippi who meet the definition of Section 3 resident contained in § 135.5 of 24 CFR Part 135.

## **Eligible Activities and National Objectives**

The total Eligible activities included in this partial plan include:

- 1) Planning and administrative costs estimated at no more than 5% or \$1.575 million. The national objective criteria do not apply separately to planning and administrative activities.
- 2) Gulf Coast Regional Infrastructure Plan – the total estimated amount of \$500 million (inclusive of planning and administrative costs) has been allocated to the program. Of this amount, this amendment is only for \$25 million in Emergency Funds and \$6.5 million to develop the Master Plan. This plan meets the national objective of urgent need.

### **Environmental**

MDA and DEQ will work with HUD to develop and implement appropriate environmental reviews and/or assessments.

### **Citizen Participation Plan**

MDA will solicit public comments on this amendment and include them, with responses, in the final plan submitted to HUD for approval.

### **Solicitation for Public Comment**

The State of Mississippi published this amendment to solicit public comment for approximately 10 days, which ended June 29, 2006. The plan was made available on the [www.mississippi.org](http://www.mississippi.org) website and at county courthouses and administrative offices, and city halls. Comments were received either by fax or via a comment form located on the website.

As required by the regulations, a summary of any comments or views received (the number received is shown in parentheses) by the June 29, 2006 deadline along with our responses are as follows:

- **Quality Assurance – Main concern is that there will be waste and very little quality control and inspection. Some degree of qualified inspection and testing should be a vital part of the plan. (1)**

Response – Oversight and inspection during the construction phase of these projects will be part of the implementation plan.

- **Bridges & Water Services – 1) Bridges such as the St Louis/Pass Christian and Biloxi/Ocean Springs bridges should be rebuilt much higher over the mean high tide level. These bridges should also be 2 lanes each direction, well separated and be conducive to regular cleaning with standard street sweepers. There must be pull off areas large enough for an auto, ambulance and tow truck. There should be emergency equipment available, video surveillance, direct line phone/radio, first aid emergency assistance such as direct lines to Hancock, Harrison and Jackson**

Counties, and State Police dispatcher service and police patrol with automatic photos of speeding vehicles. 2) Alleys for water, gas, electric and communications should be considered underground wherever possible. Rights of way for all utilities could be better for all consumers and providers and perhaps all new areas and areas with little or no buildings could have an alley for these and other services such as trash pickup, home delivery vehicles, etc. (1)

Response – These issues do not fall under the scope of this project.

- **City of Moss Point Water Services - The City of Moss Point needs water and wastewater improvements. Some of the water plants are leaking and outdated. The pressure is low and some people have to have fire hydrants flushed to clean up the water so it is usable. Citizens also are installing whole house filters on their incoming water to stop rust particles from entering the house and ruining appliances. Wastewater systems are outdated and in need of major repairs. The inflow and infiltration is so bad that during rain storms the pumping stations actually bypass into nearby streams. (1)**

Response – These comments will be considered in the development of the Master Plan. However, the HUD funds can only be used for infrastructure improvements related to the impacts of the recent hurricanes.

- **Woolmarket Water and Sewer Services – While I applaud the creation of a Regional Utility Authority, I am concerned that this may delay the installation of utilities that have already been designed and previously budgeted for. In particular, I am speaking about the Woolmarket area North of I-10 and along the Hwy 67 corridor. This area had already been targeted before the storm and is ready to provide businesses and additional housing if it only had water and sewer available along Hwy 67. I believe that the City of Biloxi had this project as a part of its capital projects, but it was frozen after the storm. This area could go a long way toward helping with our recovery effort due to its location. It is my opinion that this area should be the first to receive water and sewer services, and then the private developer could extend the system to areas outside of this main corridor. (1)**

Response – Projects do not have to wait until the development of the Master Plan.

- **Various Comments re: the Infrastructure Plan - Sanitary sewer collection and treatment is the principal key needed to unlock economic growth in South Mississippi. I have confidence in the MDEQ, the MDA and the Engineering Group to lay out a cost effective plan to provide it in the right places. Providing the right incentives for local institutions to work together, legally, so as to provide service as widespread as possible will be important. Various comments concerns I have include the following: 1). Who is ready for the money? Once the most serious direct needs are met, I would look at local governing agencies that have planned for facility expansion, or who already have permits for wastewater treatment and discharge expansion. 2). Where are the natural growth corridors? The obvious**



areas of growth would seem to lie within ten mile strips, five miles on each side of the centerlines of I-10, U.S. Highway 49, I-59, 605, 67, 98, 26, 57, 15, etc. From what I am observing, if you build it, they will come. Every interstate interchange is a potential growth hub, and the Highway 49 corridor is already just craving sewer infrastructure. 3). Who is legally organized to provide widespread service? The Governor's Commission astutely observed that many agencies currently provide some type of utility service. I would encourage the grant process to include strong requirements that non-profit community water systems, schools, and private developers be willing to dedicate their systems into water and sewer districts or into the applicable county utility authority. To run an effective public sewer system, you really need also to provide water service (people pay their bills knowing that if they do not, their water service can be disconnected); I would encourage rewarding efficient local systems who are willing to become legally enabled to provide widespread service with grant money and also by allowing them to retain a measure of control over their local systems, which can be done under the law with proper service agreements. There is not much point in granting money to a local institution that is unwilling or unable to provide expanded retail service. 4). Grant or loan? Most areas will need grants. Some may be able to repay no-interest long-term loans. I believe the grants can, if wisely distributed; fill the direct and "best bang for the buck" needs, and would encourage using that process to the fullest extent possible before requiring any repayment. 5). Reassure local governments of their rights. I believe the best way to encourage consolidation of services is by tailoring agreements for local authorities that assure them they are getting something of value in exchange for their cooperation. Confidence comes from specific written agreements. The way the county utility authorities are established, they have ample power to give these reassurances to local institutions. 6). Don't pay for something you don't need. DO pay for an interceptor line to be installed close enough for easy and feasible connection to it by a private utility with a lagoon or a package plant. DO have a sewer use ordinance requiring connection. DON'T pay for the utility's lagoon or package plant if you don't need it. 7). Fund the possible in order to grow into the ideal. I believe publicly owned interim package plants and/or lagoons ought to be explored as a way to blaze the trail and provide service to areas where it is not yet feasible to install interceptor lines. (1)

Response – The HUD monies will be offered as grants. All of these comments will be considered in the development of the Master Plan.

- **Regional Utility Authority – We are in favor of regionalizing the utility authorities on the Gulf Coast. (1)**

Response – N/A

- **Jackson County Utility District - I find it very interesting that the West Jackson Utility District in Jackson County is not represented on the new Utility District Board. Since my association with it, it has provided outstanding service to its**

**customers and done all in its power to expand the services provided to as many people as possible. (1)**

Response -The makeup of the county authorities is determined by state statute.

- **Sewage Petition – The Ponderosa Subdivision provided 13 signatures that are requesting the Gulf Coast Regional Infrastructure Program consider funding the Ponderosa Subdivision project and installing a sewer system. (1)**

Response – This information will be considered in the development of the Master Plan,

- **Comments regarding the Infrastructure Plan – 1) The stated goals and objectives of this plan are vitally needed by the counties on the coast and the State of Mississippi to recover from Hurricane Katrina. 2) As part of the amendment to the plan, the State of Mississippi should require data on any construction, renovation or expansion project be provided to the Mississippi Development Authority, the Mississippi Department of Environmental Quality and the Mississippi Emergency Management Agency in an acceptable geographic information system file as state records can be updated and future emergency responses enhance by data being available. The costs will be minor for furnishing the information and the results are far greater expense. Also, requiring this data in a GIS format will help meet objectives of homeland security programs for essential and vital infrastructure. 3) The State of Mississippi should designate an appropriate amount of funds (probably less than \$200,000) to update other geographic information system records to enhance future disaster responses. The funds should be used to get updated counts of where people live, where they intend to stay and where they plan to rebuild. This information is vital to the actual construction, repair and expansion of water and wastewater systems. 4) The State of Mississippi and the six local counties should commit themselves to enhancing, expanding or relocating industrial parks and sites based on Katrina's damage and population relocation. Funds should either be set-aside or specially dedicated to providing water and wastewater service to industrial and business sites to enhance economic recovery. For example, funds should be available for building the infrastructure for seafood processing industrial park or other industries forced to locate because of destruction and new elevation heights to avoid repeated damage. Job creation is necessary to meet the needs of all residents regardless of their income level. Industries are seeking sites in all the counties to avoid repeating the destruction and unemployment remains near record levels 10 months after the hurricane struck. (1)**

Response – Projecting population shifts and growth will be evaluated in the development of the Master Plan. Providing infrastructure that addresses economic growth such as commercial and industrial growth in the six counties will be considered. Much of the information gathered during development of the Master Plan is in a GIS format and can be used by interested parties upon completion.

**Current Development Comments, Andover Development, LLC - Andover Development LLC, Nashville Tennessee is involved in a number of real estate**

development, commercial and industrial efforts in the six county region of impact in question. Andover owns and or has under contract real estate destined to become single family multifamily (approximately 4,000 units) as well as commercial projects of 600,000 s.f.. Many of these facilities are outside areas currently served by water and sewer or are in areas that are undersized in capacity.

Our concern is how to proceed with our immediate development plans in these areas prior to the implementation of the Master Plan and attendant policies and procedures. We believe that the fact of interim development should be encouraged and that the Master Plan include some direction for the construction and operation of facilities as well as providing transfer options, if any, to entities established pursuant to the Master Plan. In the alternative, some policy statement from the MDA or DEQ is needed to clarify steps to promote development immediately in this area.

In our investment due diligence process, we have spoken with local officials, state officials including Leland Speed, Executive Director of the MDA as well as local lot and residential developers who have built water and sewer systems successfully. It appears to us that local engineering and construction capability is sufficient to engage in private efforts to provide water and sewer projects to serve residential customers now. What we are unsure of however is whether there is a clear avenue to begin implementation of these projects as soon as practicable.

In terms of transfer options or other exit strategies available to private contractors and operators, we believe that a portion of the financial resources allocated to the Regional Infrastructure Program be reserved to address the interim efforts described above.

We endorse the effort to regionalize utility authority as we believe that the result will be more efficient and effective. We also applaud the desire to include Stakeholders in the development industry in the Master Plan process, and would appreciate being on any list that is compiled for notices, meetings and the like. (1)

Response: The State of Mississippi is strongly encouraging economic development and believes that projects should continue to proceed even though the Master Plan has not been completed. The Mississippi Department of Environmental Quality should be contacted to discuss opportunities for solutions to infrastructure issues.

- **Harrison County School District Comments – Harrison Central High School is responsible for instruction to approximately 1,700 students and 160 staff. This facility is utilized 12 months out of the year with summer programs and since Katrina, housing volunteer groups and government military organizations assisting in the recovery effort. This facility presently utilizes a lagoon wastewater system that flows into the Biloxi River, which could cause significant health related issues. This school is within approximately ½ mile of the City Water and Sewage System.**

Woolmarket Elementary School is presently on a lagoon wastewater system that has also leaked into the Biloxi River. Lizana Elementary School is presently on a septic system that has leaked into the Wolf River. The school's water needs are met by water wells in the community. Saucier Elementary School is presently on a septic system that has leaked into the school ditch that leaks into the tributaries and ultimately into the Biloxi River.

Due to the high growth and projected new developments North of I-10 such as: Traditions Development on Highway 67, Paradise Bay, and several apartment and condo developments demonstrates the growth patterns are moving North and out in all directions. The Harrison County School District is anticipating the need for additional schools to accommodate this growth that would also necessitate the need for this projected infrastructure. A thought might be to expand the water and sewage system up Highway 67 and Highway 49 with a trunk line out to East and West Harrison County. It also needs to be noted that these areas of Harrison County are serviced by a high concentration of individual shallow well-water systems. (1)

Response – These comments regarding the infrastructure needs in the county will be considered in the development of the Master Plan.

- **Public Water Fluoridation Comments – Recognizing that 7 of 10 children have experienced tooth decay in Mississippi, and that 2 in 5 children have untreated dental disease, the Department of Health strongly encourages a plan that requires that gulf coast public water systems “adjust their existing naturally occurring fluoride levels to the optimal level to prevent tooth decay, as recommended by the U.S. Public Health Service.” In Mississippi, the optimal fluoride range in water is 9.7 – 1.3 parts per million. The Gulf Coast Region is the largest urban area in the State without water fluoridation (except for Keesler Air Force Base). Studies have proven that water fluoridation reduces the amount of cavities children get in their baby teeth by as much as 60% and reduces tooth decay in permanent teeth nearly 35%. The average cost for a community to fluoridate its water is estimated to range from approximately \$0.50 a year per person in large communities to approximately \$3.00 per person per year in small communities. However, ever \$1 invested in water fluoridation saves \$38 in dental treatment costs. Through a public-private partnership, the Department of Health makes grants to public water systems to implement a water fluoridation program. The proposed Regional Infrastructure Program offers a perfect opportunity to assure that the public receives “one of the 10 great public health achievements of the 20<sup>th</sup> century” as proclaimed by the Centers for Disease Control and Prevention. (1)**

Response – Infrastructure for wastewater, water and storm water systems funded by this program will have to meet all local, state and federal laws and regulations. The six county regional authorities in the coastal counties may be contacted regarding the use of Mississippi Department of Health grants for water fluoridation programs.

### **Substantial Amendments**

The State recognizes that any change which changes the nature, purpose, or scope of the programs contained herein will constitute a substantial amendment requiring public comment and approval by HUD. Additions or deletion of program activities or changes in beneficiaries would also constitute the need for a program amendment requiring public comment and approval HUD.

### **Waivers**

Due to the nature of the infrastructure program and its need to replace, relocate and recreate infrastructure throughout the Coastal region on behalf of all citizens, the State is requesting a waiver of the 50% low/moderate requirement.

### **Additional Information**

For additional information about the Master Plan and resulting projects please visit our web site at [www.deq.state.ms.us](http://www.deq.state.ms.us) or contact Mr. Steve Spengler, Project Manager, Mississippi Department of Environmental Quality, P.O. Box 10385, Jackson, MS 39289-1385, (601) 961-5102, e-mail [Steve\\_Spengler@deq.state.ms.us](mailto:Steve_Spengler@deq.state.ms.us).