

62-503.300 General Program Information.

(1) Steps involved in obtaining a loan.

(a) Request for inclusion. The project sponsor shall submit a Request for Inclusion Form, incorporated by reference in subsection 62-503.200(33), F.A.C., to the Department to establish project ranking on the priority list as outlined in paragraph (1)(e), below, and to determine the financing rate on the loan, as outlined in subsection (5), below:

1. The Department shall review requests for inclusion to verify eligibility and accuracy of the information provided, such as census tract numbers, service area boundaries, population, public health risk, system boundaries, project costs, and to determine the project scope.

2. Additional information shall be requested by the Department when the data provided by the project sponsor are incomplete or unclear.

(b) Documentation required for priority listing. The documentation that must be timely submitted to compete for funding at a priority list meeting varies depending on the type of loan being requested and is known as the readiness-to-proceed criteria. For planning loans, the completed Request for Inclusion form and its necessary attachments are required. For design loans, the Request for Inclusion form and all documentation required in subsection 62-503.700(2), F.A.C., must be submitted and complete. For Inflow and Infiltration (I/I) rehabilitation loans, the Request for Inclusion form, sewer system evaluation study, all documentation referenced in Rule 62-503.751, F.A.C., all required permits and bid documents corresponding to the areas to be rehabilitated must be submitted. For construction loans, the Request for Inclusion form, all documentation referenced in subsections 62-503.700(2) through 62-503.700(5), F.A.C., must be submitted, and the process described in Rule 62-503.751, F.A.C., must be completed.

(c) Priority List Public Meeting.

1. Except as provided in subparagraph 2., below, if funds are available for new projects, a priority list public meeting shall be held on the second Wednesday in August, or as otherwise noticed in the Florida Administrative Register in advance of the public meeting.

2. If the waiting portion from the previous fiscal year exceeds twice the anticipated available funds, no public meeting shall be held, unless it is necessary to add projects to meet federal requirements. If such a public meeting is held, only those projects necessary to comply with the federal requirements shall be considered. For the purposes of this paragraph, anticipated available funds means federal capitalization grants and state matching funds expected to be received during the state fiscal year, loan repayments minus debt service payments to be received during the state fiscal year, any carry over funds from the previous year, and anticipated interest earnings during the fiscal year.

3. If additional funds are available after the priority list public meeting, one or more priority list management public meetings shall be scheduled to allocate the additional funds.

(d) Readiness-to-proceed deadline. For a project to appear on the priority list, the sponsor shall have postmarked or delivered to the Department all documentation as required in paragraph (b) above and shall have the Department’s acceptance of its planning and environmental review process for a design or construction loan no later than 45 days before the priority list public meeting at which the project competes for funding. The project sponsor must respond to all Department comments related to the required documentation and must submit these responses at least 15 days prior to the public meeting.

(e) Priority system. Timely submitted projects shall be given priority according to the extent each project is intended to remove, mitigate, or prevent adverse effects on surface or ground water quality and public health. The final priority score for each project shall be determined as described in subparagraphs 1. through 4., below.

1. Base priority score. Each project shall receive a base priority score (BPS) based on the weighted average of its components or facilities. The BPS shall be determined based on the following formula where CPS means the component priority score and CCC means component construction cost or:

$BPS = [CPS1 \times CCC1 + \dots + CPSn \times CCCn] / \text{Total Construction Cost}$	
Project components shall be assigned component priority scores according to the categories in Table 1.	
Table 1	
Project Component	CPS
1. Eliminate a documented acute or chronic public health hazard. Examples include eliminations of failing septic tanks, failing package plants, or sanitary sewer overflows.	500 points
2. Implement a project included in, or to be implemented as a direct result of, an adopted Basin Management Action Plan or a Reasonable Assurance Plan approved pursuant to Section 403.067, F.S.	450 points

3a. Protect surface or ground water by preventing or reducing a documented source of pollution, pollution reductions necessary to meet regulatory requirements, or	400 points
3b. Projects or activities by local governmental agencies or on-site system management entities, under section 319 of the Act, that correct septic tank failures in springsheds of first-magnitude springs; or correct septic tank contributions to nutrient impaired spring systems.	
4. Address a compliance problem documented in an enforcement action where the Department has issued a notice of violation or entered into a consent order with the project sponsor.	375 points
5. Meet the criteria for a Green Project; correct excessive inflow/infiltration or other issues within the collection and transmission system that cause sanitary sewer overflows; scheduled rehabilitation, replacement, or repair described in an approved asset management plan; or reuse that replaces an existing or proposed demand on a water supply.	350 points
6. Planning and design loans; projects for the installation of wastewater transmission facilities to be constructed concurrently with other construction projects occurring within or along a transportation facility right-of-way; or for rehabilitation, replacement or repair not included in an approved asset management plan.	340 points
7. Projects that construct other reclaimed water systems or residuals reuse systems that do not meet the criteria of component 5., above.	300 points
8. Ensure compliance with other enforceable standards or requirements.	200 points
9. Timely submitted project that otherwise meets the requirements of the Act, including land or wastewater system acquisition.	100 points

2. Special waters of the state factor. A project base priority score assigned under subparagraph (e)1., above, shall be multiplied by 1.2 if the project is a construction project that will assist in the restoration or protection of Outstanding Florida Waters (pursuant to Section 403.061, F.S.), a water body identified under the National Estuary Program (pursuant to the Act); a federally designated Wild, Scenic or Recreational River Area; or an impaired water body on the State’s adopted verified list of impaired waters.

3. Construction projects that result in the elimination of ocean outfalls or are identified in a regional water supply plan developed pursuant to Section 373.709, F.S., shall have 15 bonus points added to the priority score after the adjustment under subparagraph (e)2., above.

4. Economic hardship. The extent of the economic hardship existing in a small community to be served by the project shall be reflected in the priority score. For a sponsor that qualifies as a small community with a financial hardship, points shall be added to the priority score, using the formula 1000 divided by the Affordability Index, after adjustment under subparagraphs (e)2. and (e)3., above.

(f) Priority List Development. The priority list is developed at the public meeting and includes the fundable, waiting, and planning portions. Projects that meet the requirements of paragraph (b), above, compete for placement on the fundable or waiting portions using a tiered ranking system. Tier 1 includes all projects previously on the fundable portion which require an increase to an existing loan, tier 2 includes new projects that receive a total priority score of 350 points or more, and tier 3 includes all other projects. Tier 1 is the highest priority and tier 3 the lowest. Within each tier, projects are ranked in priority score order with the highest score at the top of the tier. Once the segment cap has been determined, the available funds are assigned to projects in tiers 1 and 2 moving down the list until all projects have been assigned funds, up to the lower of the requested amount or the segment cap, or until the available funds are exhausted. The unfunded balance is then placed on the waiting portion by tier then priority score order. If funds remain available, they are assigned to projects in tier 3 until the funds are exhausted or all projects have been funded. Projects that must be added to meet special provisions of a federal capitalization grant shall be added to the bottom of the fundable portion, bypassing projects that would otherwise be placed on the fundable portion. Projects from tier 3 that do not receive any funding are placed on the planning portion in alphabetical order. To receive funding, projects on the planning portion must compete for funding at a subsequent priority list public meeting.

(2) Allowable project costs. Categories of allowable project costs include the following water pollution control activities subject to such limitations for leveraged loans as are necessary to maintain the tax-exempt status of bonds issued by the FWPCFC:

(a) Land purchased as necessary for construction of water pollution control infrastructure. Funding shall be limited to the appraised value of the fee simple interest of the acreage of land to be purchased. The appraisal report must be less than 12 months old at the time the construction loan application is received. If additional land is acquired that is not necessary for construction, then the eligible funding amount shall be the acreage of necessary land divided by the total acreage purchased times the purchase price;

(b) Construction and related procurement and other arrangements used to implement planned activities (such as a best management practice);

(c) Demolition and removal of existing structures;

(d) Contingency for project cost overruns under subsection 62-503.300(4), F.A.C.;

(e) Technical services after bid opening or award of design/build or construction manager at risk projects, and legal services resulting directly from the requirements of the Department supplied supplementary conditions that are included in the bid documents to comply with federal requirements, or legal services resulting from contractor non-compliance with the construction contract;

(f) Costs associated with interim financing for a sponsor whose project was adopted on the fundable or waiting portion of the priority list, but proceeded without sufficient loan funds from the Department;

(g) The purchase of a domestic wastewater facility and its associated infrastructure, excluding the value of land that is not necessary for operation of the facility. The project sponsor shall demonstrate a substantial benefit to the community and environment to be eligible for funding. Funding of a system acquisition shall be limited to the system's fair market value;

(h) Technical services for soil and hydrogeological tests, geotechnical evaluations, sewer system evaluations, archaeological surveys, land surveys, and any other technical service deemed necessary for the planning, design, and construction of a project and value engineering services performed by a SAVE International Certified Value Specialist. See the SAVE International web site at <http://www.value-eng.org/>;

(i) Costs for project administration, planning, or engineering under a planning or design loan;

(j) Project costs, excluding operational costs, to implement best management practices for agricultural nonpoint source water pollution control;

(k) For sewer system evaluation studies, technical services for generating a sewer system evaluation survey, inflow corrections including replacing clean out caps, installing seals and dishes for manholes, and the televising/cleaning of lines including point repairs as necessary;

(l) For I/I rehabilitation loans, construction and related procurement used to implement the Department approved planned activities for an I/I rehabilitation project;

(m) Preparation and implementation of an asset management plan. To be eligible for reimbursement, the asset management plan must meet the requirements of subsection 62-503.700(7), F.A.C.;

(n) Constructed wetlands to be used for the treatment of domestic wastewater.

(o) Project bidding/procurement costs incurred under a design loan or construction loan; and

(p) The refinancing of unretired debt principal for a qualifying sponsor whose project meets the environmental review and procurement process of these rules, and only if in conjunction with a construction project being funded by SRF; however, a project that is financed with a loan from the Department shall not be refinanced by the Department at a lower interest rate.

(3) Ineligible project costs.

(a) Acquiring all or part of an existing stormwater or water pollution control management system except as allowed in paragraph 62-503.300(2)(g), F.A.C.;

(b) Project facilities or activities not included within the Department approved project scope;

(c) Costs for the use of the projects sponsor's personnel or equipment in the planning, design, or construction of project facilities or implementing of agricultural best management or conservation practices;

(d) Costs incurred after the project closeout has been conducted by the Department to document project completion, final project costs, and adequacy of sponsor's project files;

(e) Project facilities or services for which the planning, design, construction and procurement requirements of Rule 62-503.700, F.A.C., are not met;

(f) Water pollution control systems or components thereof, under a leveraged loan, that service a private use to the extent that the tax status of bonds issued by the FWPF is jeopardized;

(g) Acquisition of sewer rights-of-way and easements;

(h) Service connections on private property unless the project qualifies for funding as a result of section 319 of the Act;

(i) Costs incurred before the adoption of the project on the fundable or waiting portion of the priority list;

(j) Any portion of a project funded by an executed agreement from any regional, state, or federal funding agency; and,

(k) Any other cost not listed as allowable under subsection (2), above.

(4) Project contingency.

(a) Project contingency shall not exceed 10% of the estimated sum of the construction costs and costs for allowable land. The contingency shall be adjusted by the Department to 5% after procurement contracts have been executed. There shall be no contingency for land when the costs are known.

(b) The contingency remaining after accounting for contract change orders shall be retained by the Department when project closeout occurs.

(5) Financing rate.

(a) The financing rate shall be calculated as follows except that the minimum financing rate shall be 0.2 percent and the maximum financing rate shall be the market rate:

$$FR = MR - 4 + (4/(1+(100/AI)^3)) - 1/\text{Log}(P)$$

Where:

FR = financing rate

MR = Market Rate

AI = Affordability Index

P = Population served or to be served by the sponsor

When bond proceeds are available for leveraged loans, the market rate shall be the most recent rate at which bonds were sold by the FWPCFC. When bond proceeds are not available, the market rate for interest shall be established using the Thomson Publishing Corporation's "Bond Buyer" 20-Bond GO Index. The market rate, is established by the Department as of January 1, April 1, July 1, and October 1 of each year and it is the average weekly yield during the three months (3) immediately preceding the date of determination. The average weekly yield is derived from the yields reported in the "Bond Buyer" for the full weeks occurring during the three-month period.

(b) The financing rate shall be fixed for the principal amount of a planning, design, or construction loan including any amendments and for the duration of the loan repayment period. A planning loan may be rolled into a design loan, but the financing rate remains fixed. A design loan cannot be rolled into a construction loan. The financing rate shall be further adjusted by each of the following for which the project qualifies, but the adjustments shall not reduce the financing rate below 0.2 percent:

1. Projects with a Department accepted and implemented asset management plan that meets all requirements in subsection 62-503.700(7), F.A.C., shall be eligible for a reduction in the financing rate if implementation has been verified when the final disbursement request is received or three (3) months prior to the first scheduled repayment, whichever comes first. The financing rate shall be as calculated in paragraph 62-503.300(5)(a), F.A.C., minus 0.1.

2. Projects that qualify as a Green Projects as defined in subsection 62-503.200(22), F.A.C., shall also be eligible for a reduction in the financing rate. For projects that are entirely a Green Projects, the financing rate shall be as calculated in paragraph 62-503.300(5)(a), F.A.C., minus 0.1. For projects with components that do not qualify as a Green Projects, the financing rate reduction shall be 0.1 times the Green Projects component cost divided by the total as-bid construction cost. For these projects the financing rate reduction shall be applied only after the project has been bid.

3. Projects that include a requirement for American Iron and Steel in accordance with Section 608 of the Act (33 USC §1388) and projects that include a requirement for Davis-Bacon wage rates as required in 29 CFR Part 5, Subpart A (7-1-2019 Edition) shall be eligible for a total reduction in the financing rate of 0.5. The document 29 CFR Part 5, Subpart A is available from the Department's Clean Water State Revolving Fund Program, 3900 Commonwealth Blvd., MS 3505, Tallahassee, Florida 32399-3000, or at <http://www.flrules.org/Gateway/reference.asp?No=Ref-14073>, and is hereby adopted and incorporated by reference.

4. Project sponsors that agree to fund a nontraditional project that is eligible under the Act but does not receive a Clean Water State Revolving Fund loan, shall receive a financing rate reduction such that the present worth of the savings is equivalent to the cost of the project, up to a reduction in the financing rate of 0.5.

(c) The financing rate for a non-governmental sponsor of a project that qualifies for funding as a result of section 319 or 320 of the Act shall be fifty (50%) percent of the current market rate.

(6) Debt coverage for non-governmental sponsors. A non-governmental sponsor of a project that qualifies for funding as a result of section 319 or 320 of the Act shall document that it has a current term debt and capital lease coverage ratio of at least 1.15. This ratio shall have, as its numerator, net operations income plus non-operating income plus depreciation plus interest on term debt (multi-year debt) minus payroll and income taxes minus owner withdrawals; and, as its denominator, the sum of scheduled payments on term debt and long-term leases. This information shall be verified by the sponsor through a certified public accountant (CPA).

Rulemaking Authority 403.1835(10) FS. Law Implemented 403.1835 FS. History—New 4-17-89, Amended 12-4-91, 2-23-94, Formerly 17-503.300, Amended 1-4-98, 7-1-99, 2-6-02, 7-29-04, 4-22-14, 3-9-22.