

62-552.300 General Program Information.

(1) Steps involved in obtaining a loan.

(a) Request for Inclusion. The project sponsor shall submit a complete Request for Inclusion Form, referenced in subsection 62-552.200(29), F.A.C., to the Department to establish project ranking on the priority list as outlined in paragraph (1)(e), below.

1. The Department shall review requests for inclusion to verify eligibility and accuracy of the information provided.

2. Additional information shall be requested by the Department when the data provided by the project sponsor is 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.

1. For planning loans, the completed Request for Inclusion form and its necessary attachments are required.

2. For design loans, the Request for Inclusion form and all planning documentation required in subsection 62-552.700(2), F.A.C., must be accepted by the Department, and the environmental review process described in Rule 62-552.680, F.A.C., must be complete.

3. For construction loans, the Request for Inclusion form and all planning and design documentation referenced in subsections 62-552.700(2) through 62-552.700(5), F.A.C., must be accepted by the Department and the environmental review process described in Rule 62-552.680, F.A.C., must be complete.

4. A project sponsor has the option to request a combined loan for both planning and design at the same priority list meeting. In this case, the completed Request for Inclusion form and its necessary attachments are required to compete for funding. The project sponsor must agree to the submittal of biddable plans and specifications within 1-year after execution of the loan agreement to qualify for a combined planning and design loan.

(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. This does not include those qualified sponsors that have opted to combine both planning and design funding at a priority list meeting. 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 public health and drinking water quality. The final priority score for each project shall be determined as described in subparagraphs 1. through 3., below.

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

$$BPS = [CPS_1 \times CCC_1 + \dots + CPS_n \times CCC_n] / \text{Total Construction Cost}$$

a. Project components shall be assigned a component priority score (CPS) according to the categories in Table 1 below.

Table 1

Project Component	CPS
Acute Public Health Risk	800 points

1a. E-Coli or Fecal Coliform Maximum Contaminant Level (MCL) Exceedance (subsection 62-550.310(5), F.A.C.) 1b. Nitrate, Nitrite, or Total Nitrogen MCL Exceedance (subsection 62-550.310(1), F.A.C., Table 1) 1c. Lead or Copper Action Level Exceedance (Rule 62-550.800, F.A.C.) 1d. Surface Water Filtration and Disinfection Noncompliance (subsection 62-550.817(2), F.A.C.)	
Potential Acute Public Health Risk 2a. Nitrate, Nitrite, or Total Nitrogen Exceed 50% of MCL (subsection 62-550.310(1), F.A.C., Table 1) 2b. Microbiological MCL Exceedance (subsection 62-550.310(5), F.A.C.) 2c. Surface Water Enhanced Filtration and Disinfection Noncompliance (subsection 62-550.817(3), F.A.C.) 2d. State Health Officer Certification of Acute Health Risk for Unregulated Microbiological Contaminants 2e. Violation of Disinfection Requirements (subsection 62-555.320(12), F.A.C.)	700 points
Chronic Public Health Risk 3a. Inorganic or Organic Contaminant MCL Exceedance (subsections 62-550.310(1), (4), F.A.C., Tables 1, 4, 5) 3b. Disinfection Byproducts MCL Exceedance (subsection 62-550.310(3), F.A.C., Table 3) 3c. Radionuclide MCL Exceedance (subsection 62-550.310(6), F.A.C.)	600 points
Potential Chronic Public Health Risk 4a. Inorganic or Organic Contaminant Exceed 50% of MCL (subsections 62-550.310(1), (4), F.A.C., Tables 1, 4, 5) 4b. Disinfection Byproducts Exceed 80% of MCL (subsection 62-550.310(3), F.A.C., Table 3) 4c. State Health Officer Certification of Chronic Health Risk for Unregulated Chemical Contaminants	500 points
Compliance-1 5a. Infrastructure upgrades to facilities that are undersized, exceed useful life, or have continual equipment failures 5b. Insufficient water supply source, treatment capacity, or storage 5c. Water distribution system pressure less than 20 psi 5d. Eliminate dead ends and provide adequate looping in a distribution system 5e. Replace distribution mains to correct continual leaks, pipe breaks, and water outages 5f. New public water system or extension of existing system to replace contaminated or low yield residential wells 5g. Lack of significant safety measures (e.g. chemical containment) 5h. Secondary Contaminant MCL Exceedance (Rule 62-550.320, F.A.C.) 5i. Drinking water supply project as defined in paragraph 403.8532(9)(a), F.S.	400 points
Compliance-2 6a. Treatment, Storage, Power, and Distribution Requirements (Rule 62-555.320, F.A.C.) 6b. Minimum Required Number of Wells (subsection 62-555.315(2), F.A.C.) 6c. Well Set-back and Construction Requirements (Rules 62-555.312 and 62-555.315, F.A.C.) 6d. Cross-Connection Control Requirements (Rule 62-555.360, F.A.C.) 6e. Physical Security Project Documented in a Vulnerability Analysis 6f. Consolidation or regionalization of public water systems 6g. Water/Energy Conservation Project	300 points
7. Other projects, including land or public water system acquisition	100 points

b. Project component scores that are based on contaminant levels shall be justified by sample analytical data. The date samples were collected must be no older than 24-months from the date of submittal of a Request for Inclusion. The sample results shall show an ongoing and current problem with a drinking water quality standard. The project sponsor shall provide documentation demonstrating contaminant levels (e.g. disinfection byproducts) cannot be reduced by adjusting system operations, if applicable. Samples shall be analyzed by a state certified laboratory as defined in Rule 62-550.550, F.A.C.

c. A project component score of 400 points that is based on compliance-1 categories of Table 1 shall be supported by documentation demonstrating the need for the project; otherwise, a component score of 300 points will be assigned.

d. A project sponsor with a qualifying water conservation project is eligible to receive an additional 100 points added to their priority score if the sponsor provides a water conservation plan in accordance with EPA's Water Conservation Plan Guidelines, document number EPA-832-D-98-001, August 6, 1998, hereby adopted and incorporated by reference. The sponsor must demonstrate that the proposed project meets the objective of the water conservation plan. This document is available from the

Department's Drinking Water State Revolving Fund Program, 3900 Commonwealth Blvd., Tallahassee, Florida 32399-3000 or <http://www.flrules.org/Gateway/reference.asp?No=Ref-08363>.

e. If 50% or more of residential wells of a given project meet the contamination levels indicated in Table 1 and connect to a new or existing public water system, then the project would be awarded component priority points according to the appropriate public health risk. Surface water flooding of wells of residents with septic drainfields and wells under the direct influence of surface water are considered an unregulated microbiological potential acute public health risk, and require substantiated documentation of occurrence in lieu of sampling data.

2. Affordability Score. The extent of affordability existing in a small community to be served by the project shall be reflected in the priority score. Points shall be awarded based upon two affordability criteria: namely, median household income (MHI) and service area population. These points are to be added to the base priority score. Affordability Score = (MHI Score + Population Score).

a. MHI Score. MHI score shall be derived based on the extent a community's MHI falls below the statewide average. MHI data shall represent all areas to be served by the project sponsor's public water system.

(I) MHI score shall not exceed a maximum of 75 points, shall not be less than zero points, and shall be rounded to the nearest whole number.

(II) MHI score is calculated as follows:

MHI Score = $100 \times (1.00 - \text{MHI fraction})$, MHI fraction is equal to the MHI of the service area divided by the statewide MHI.

b. Population Score. Projects for small systems are generally less affordable than those for larger systems due to a limited rate base from which to recover costs. Special consideration is given to such projects based on service area population. Population data shall represent all areas to be served by the project sponsor's public water system.

(I) Population score shall not be less than zero points and shall be rounded to the nearest whole number.

(II) The population score is calculated as follows:

Population score = $50 - (P/200)$. P is the population of the service area.

3. Tie-breaking procedure. The sponsor with the larger population will have the higher priority.

(f) Priority List Development. The priority list is developed prior to 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 500 points or more, and tier 3 includes all other projects. Tier 1 is the highest priority and tier 3 is 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. The service area population and median household income values used to calculate priority score must be verified as the most current values prior to project placement on the priority list.

(2) Steps involved in obtaining a loan with principal forgiveness. Loans with principal forgiveness shall follow the process described in subsection 62-552.300(1), F.A.C., above, but the waiting and planning portions of the priority list are not applicable. Principal forgiveness loans are only assigned to those qualifying projects with the highest priority score until all projects have either been assigned funds or until all available funds have been exhausted. Principal forgiveness funds shall be made available twice per fiscal year or semiannually. Those projects not assigned a loan with principal forgiveness are eligible for loan only; but the project sponsor may opt out and reapply, and compete for principal forgiveness at the next semiannual priority list public meeting. Sponsors receiving principal forgiveness for a project adopted at a previous public meeting are ineligible for an increase in principal forgiveness. The principal forgiveness funds made available each year shall at least meet the minimum federal requirements. A maximum of 50% of the principal forgiveness funds available at each semiannual public meeting can be given to any one project. Principal forgiveness recipients are determined prior to each priority list public meeting. If a principal forgiveness recipient chooses to opt out before adoption on a priority list, then those principal forgiveness funds will be made available to the next qualifying

sponsor or sponsors. If a project sponsor declines principal forgiveness or fails to meet Department deadlines after project adoption on the priority list, then those principal forgiveness funds will be made available to other projects at the next semiannual public meeting. The service area population and median household income values used to calculate the percentage of principal forgiveness must be verified as the most current values prior to placement of a project on the priority list. A for-profit project sponsor is ineligible for principal forgiveness.

(a) The project sponsor for a loan with principal forgiveness must qualify as a financially disadvantaged small community, except as stated in paragraphs 62-552.300(2)(e) and 62-552.300(2)(f), below.

(b) Principal forgiveness percentage.

1. Planning and/or design loan. The maximum principal forgiveness percentage available for a planning and/or design loan is 50 percent of total invoiced costs. Only a project sponsor that directly qualifies as a financially disadvantaged small community is eligible.

2. Construction loan.

a. The principal forgiveness percentage (PF%) for a construction loan shall be determined using the following formula:

$$PF\% = 1760/9 - 160 \times (MHI/SMHI) - 7/4500 \times P$$

Where:

MHI = Median Household Income

SMHI = State of Florida MHI

P = Population of the service area

$$20\% \leq PF\% \leq 90\%$$

b. The principal forgiveness amount available for a construction loan shall initially be based on the estimated construction costs. The final principal forgiveness amount shall be based on total invoiced costs.

3. Technical Services.

The maximum principal forgiveness percentage for technical services performed during the planning and design of a project is 50 percent of the total invoiced costs. Only a financially disadvantaged small community having a planning and/or design loan with the Department is eligible.

4. Asset Management Plan. The principal forgiveness percentage available for an asset management plan prepared and implemented in accordance with subsection 62-552.700(7), F.A.C., is 50 percent of total invoiced costs if completed under a planning or design loan. An asset management plan completed under a construction loan is eligible for the same principal forgiveness percentage calculated for the construction loan. Only a project sponsor that qualifies as a financially disadvantaged small community is eligible.

(c) The project sponsor shall have only one open loan with principal forgiveness. A loan shall be considered open until the final disbursement has been paid by the Department.

(d) The total principal forgiveness amount shall be estimated until the time of project close-out.

(e) A financially disadvantaged community with a service area population of 10,000 persons or greater is eligible for 20% principal forgiveness for a construction loan if dollars are available after funding all eligible financially disadvantaged small communities.

(f) A project sponsor that does not otherwise qualify as a financially disadvantaged small community is eligible for a construction loan with principal forgiveness if connecting a financially disadvantaged community that has less than 250 residential private wells or that has an existing public water system with less than 250 service connections. The sponsor that owns and operates a separate, non-interconnected, public water system that qualifies as a financially disadvantaged small community, regardless of the number of systems owned and operated by the sponsor, is eligible for a construction loan with principal forgiveness for that system. Verifiable documentation of the community's median household income and number of service connections is required to calculate the percentage of principal forgiveness in accordance with these rules, not to exceed 50% of the construction loan amount. This type of project would follow the same priority listing process as a financially disadvantaged small community in competing for principal forgiveness dollars.

(g) A construction project for a financially disadvantaged small community that uses a Construction Manager at Risk delivery method is ineligible for principal forgiveness.

(3) Allowable Project Costs. Categories of allowable project costs include the following drinking water 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 public water system infrastructure. Funding shall be limited to the appraised value of the fee simple interest of the acreage of land to be purchased, including mandatory set-backs. 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;

(c) Demolition and removal of existing structures related to the project;

(d) Contingency for project cost overruns under subsection 62-552.300(5), 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) Technical services for test wells, water quality testing, soil and hydrogeological testing, geotechnical evaluations, pilot studies, archaeological surveys, land surveys, and any other technical service deemed necessary for the planning, design, and construction of a project. Also, value engineering services performed by a SAVE International Certified Value Specialist. See the SAVE International website at <http://www.value-eng.org/>;

(h) Costs for project administration, planning, or engineering under a planning and/or design loan;

(i) The purchase of a public water system and its associated infrastructure, excluding the value of land that is not necessary for operation of the system. 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;

(j) Capacity purchase in an existing public water system;

(k) Preparation and implementation of an asset management plan. To be eligible for reimbursement, the asset management plan must meet the requirements of subsection 62-552.700(7), F.A.C.;

(l) 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;

(m) Costs associated with the implementation of a qualifying conservation project; and

(n) Project bidding/procurement costs incurred under a design loan or construction loan.

(4) Ineligible Project Costs.

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

(b) Costs for the use of the project sponsor's personnel or equipment in the planning, design, or construction of project facilities;

(c) 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;

(d) Project facilities or services for which the planning, design, construction and procurement requirements of rule 62-552.700, F.A.C., are not met;

(e) Any project for which the construction loan amount is less than \$75,000;

(f) That part of any project primarily intended to serve future growth or fire protection not justified by public water system service demand projections in the planning documents;

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

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

(i) Acquisition of water rights-of-way and easements;

(j) Service connections on private property; and,

(k) Any other cost not listed as allowable under subsection (3), above.

(5) 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 funds remaining after accounting for contract change orders shall be retained by the Department when

project closeout occurs.

(6) Interest Rate.

(a) The interest rate shall be calculated as follows:

$$\% \text{ of MR} = 40 \times (\text{MHI}/\text{SMHI}) + 15$$

Where:

% of MR = Percentage of Market Rate

MHI = Median Household Income

SMHI = State of Florida MHI

$$35\% \leq \% \text{ of MR} \leq 75\%$$

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 (3) months 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. The median household income value used to calculate the interest rate must be verified as the most current value prior to execution of the loan agreement.

(b) The interest rate shall be fixed for the principal amount of a planning and/or design 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 interest rate remains fixed. A design loan cannot be rolled into a construction loan.

(c) The interest rate shall be fixed for the principal amount of a construction loan including any amendments and for the duration of the loan repayment period, except for the qualified adjustments below. The adjustments shall not reduce the interest rate below 0.2 percent.

1. Projects with a Department accepted and implemented asset management plan that meets all requirements in subsection 62-552.700(7), F.A.C., shall be eligible for an interest rate reduction of 0.1% if implementation has been verified by the earlier of either (a) the final disbursement request is received or (b) three (3) months prior to the first scheduled repayment.

2. Projects that have at least a 25% cost component that qualifies as a drinking water supply project as defined in paragraph 403.8532(9)(a), F.S., or as a water conservation project shall be eligible for an interest rate reduction of 0.25% if the project sponsor provides the required supporting documentation outlined in subparagraph 62-552.300(1)(e)1., F.A.C.

3. Projects that include a requirement for American Iron and Steel in accordance with section 1452(4) of the Act (42 USC §300j-12) and projects that include a requirement for Davis-Bacon wage rates as provided in 29 CFR Part 5, Subpart A (7-1-2019 Edition) shall be eligible for a total reduction in the interest rate of 0.5. The document 29 CFR Part 5, Subpart A is available from the Department's Drinking Water State Revolving Fund Program, 3900 Commonwealth Blvd., Tallahassee, Florida 32399-3000, or at <http://www.flrules.org/Gateway/reference.asp?No=Ref-14079>, and is hereby adopted and incorporated by reference.

(7) Debt coverage for non-governmental sponsors. A non-governmental sponsor of a project that qualifies for funding 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).

(8) Exceptions to Program Requirements.

(a) The Department shall consider a request for an exception to the requirements of this chapter if the exception does not conflict with state or federal law or federal regulations.

(b) A request for exception must contain the following information:

1. The name of the project sponsor, project number, award date, application date, and the financial assistance amount involved,
2. The specific rule to which an exception is requested,
3. A complete description of what the exception would accomplish and justification for the exception,
4. A statement of whether the same or a similar exception previously has been sought; and, if so, an explanation of the reason for that request and the outcome,
5. A demonstration that compliance with the specified rules is unnecessary for abatement of pollution and protection of public health; and,

6. A demonstration that the economic, social, and environmental costs of compliance exceed the economic, social, and environmental benefits of compliance.

Rulemaking Authority 403.8532 FS. Law Implemented 403.8532 FS. History—New 4-7-98, Amended 8-10-98, 7-20-99, 7-17-17, 3-9-22.