

***DRINKING WATER
STATE REVOLVING FUND***

***INTENDED USE PLAN
FOR USE IN STATE FISCAL YEAR 2017
CAPITALIZATION GRANT***



Submitted to the

U.S. Environmental Protection Agency

Region IV

by the

Florida Department of Environmental Protection

I. INTRODUCTION

A. State of Florida's Drinking Water Revolving Loan Fund

In 1996, Congress passed federal amendments to the Safe Drinking Water Act (SDWA) establishing the Drinking Water State Revolving Fund (DWSRF) program. The program is administered by the Florida Department of Environmental Protection (FDEP) and uses federal capitalization grant funds from the U.S. Environmental Protection Agency (EPA) and matching funds provided by the State Legislature. For Federal fiscal year (FFY) 2016, it is expected that Florida's capitalization grant will be approximately \$30.4 million.

Florida's DWSRF program was established on July 1, 1997, under Chapter 97-236 of the Laws of Florida (codified as section 403.8532, Florida Statutes). The program complies with the provisions of the SDWA section 1452 as implemented through Chapter 62-552, Florida Administrative Code.

The SDWA requires that each state annually prepare an Intended Use Plan (IUP) to describe how it plans to use the DWSRF to meet the Act's objectives. The IUP must describe the use of a state's capitalization grant, state match funds, and principal and interest from loan repayments. The plan must also describe the use of other interest earnings of the DWSRF, bond proceeds, funds designated for set-aside activities, any funds that are to be transferred from the Clean Water State Revolving Fund (CWSRF) Program and any other monies deposited into the DWSRF.

This IUP is the central component of our DWSRF grant application and communicates our plans to stakeholders who include public water systems, the public, EPA, and other state departments. This IUP provides specific details on key aspects of the program including our state's short- and long-term goals, the prioritization process we use to rank projects and the list of projects eligible to receive funding from available DWSRF funding.

The IUP provides a description of the intended uses of the Additional Subsidization, and a description of what steps will be taken to ensure the funding recipients are in compliance with the Davis-Bacon requirements.

B. Program Overview

This IUP provides details on our plans to effectively utilize the FFY 2016 funds. Program funding is based on receiving a \$30.4 million capitalization grant award from EPA. This IUP also addresses a state appropriation of \$7.4 million, \$24.8 million in deobligated funds and \$9.6 million in recaptured funds, \$40 million in repayments scheduled to be received during SFY 2017, and \$2.8 million in interest earnings. Total available funds equal \$115 million.

Through a comprehensive planning process that included participation of the public, we have established the following primary objectives for the DWSRF program:

1. Prioritize technical and financial assistance to eligible public water systems so that systems that face the most serious drinking water public health risks are

- assisted first.
2. Ensure that the assistance provided will help systems come into or maintain compliance with the SDWA.
 3. Provide assistance to the public water systems that can least afford to build, maintain, and operate needed facilities.
 4. Operate the DWSRF program as a permanent funding program to provide low cost assistance to eligible systems in perpetuity.

Pursuant to the federal requirements for the FFY 2016 appropriation, the following objectives have also been established:

1. Between 20 and 30 percent of the funds made available to each State for Drinking Water State Revolving Fund capitalization grants shall be used by the State to provide additional subsidy to eligible recipients. To further ensure sustainability of projects receiving additional subsidies (i.e., principal forgiveness), these subsidies will be directed to:
 - a. repair, replacement, and upgrade of infrastructure in existing communities;
 - b. investigations, studies, or plans that improve the technical, financial and managerial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure; and/or
 - c. preliminary planning, alternatives assessment and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conservation of natural resources, and alternative approaches to integrate natural or “green” systems into the built environment.
2. Make funds available from the FFY 2016 capitalization grant for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.
3. To ensure the applicable DWSRF projects are in compliance with the Federal Davis-Bacon Act and American Iron and Steel requirements.

To meet these objectives we will offer low interest loans and principal forgiveness to public water systems for the construction of facilities that will provide affordable, safe drinking water to the public. We also intend to use part of the federal capitalization grant as “set-aside” funding, to address other non-infrastructure activities which have public health benefits and assist in compliance with the SDWA. The major facets of the DWSRF program are summarized below.

The State will make a timely and concerted solicitation for projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

To ensure that the funding recipients are meeting the Davis-Bacon wage rate requirements, all

appropriate funding agreements will include language concerning the requirements and procedures to verify compliance with the requirements.

Low Interest Loans

We will provide low interest loans to public water systems in the order of priority determined by the DWSRF priority ranking system. The total funding available for standard loans is \$114 million. Fifteen percent of the total funds available for standard loans, or \$17.1 million, will be reserved for systems smaller than 10,000 in population. The interest rate for each loan will be 60 percent of the weekly average yield reported in the Bond Buyer 20-Bond GO Index for the quarter preceding the execution of the loan agreement. Standard loan terms are limited to a maximum of 20 years.

Financially Disadvantaged Community Assistance

Florida also reserves funds for financially disadvantaged public water systems serving communities with weak financial and socioeconomic conditions. The lesser of 15% of the funds allocated each year by the Department or 30% of the amount determined by adding the federal grant and state matching funds and subtracting the set-asides authorized by the Act will be used to fund projects for financially disadvantaged communities.

Qualifying financially disadvantaged community water systems that have a verified public health risk may receive a subsidy in the form of principal forgiveness (grants) for the public health portion of their project. The grant amount depends on affordability considerations such as median household income and debt service and may be limited by a segment cap established at a priority list hearing. Systems may also receive a longer-term loan, 30 years, than those provided through the standard loan program.

The FDEP plans to use approximately \$7 million for Financially Disadvantaged Community Assistance (i.e., principal forgiveness and 30-year loans).

Set-Asides

The SDWA allows states to use part of the federal capitalization grant to support various drinking water programs commonly known as set-asides. The FDEP proposes to use about \$1.16 million, or 4 percent of the FFY 2015 capitalization grant. Because the set-aside funding from past years is adequate to cover the State Program needs for SFY 2017, 12 percent of the cap grant that is eligible for set-asides for FFY 2015 will be utilized for projects and this \$3,702,390 will be reserved for use in future years. Set-aside funded activities will include the following:

- Technical assistance to small systems
- Source Water Protection Program

C. Public Input, Review and Comment Procedures

Stakeholders Committee

Florida is committed to involving public stakeholders in the development and ongoing operation of the DWSRF program. A Technical Advisory Committee (TAC) consisting of interested citizens and representatives from local and regional governments, grass roots organizations and public water systems helped state officials during development of the DWSRF program and operating agreement. Many TAC meetings were held during the development of the DWSRF program to review:

1. the financial structure of the program including interest rates and terms, use of set-aside funding and long-term projected funding levels,
2. the eligibility criteria for projects and
3. the priority setting system used to determine the order in which projects are funded.

Public Meetings and Comment Activities

To ensure that the public has an opportunity to review our proposed plans for the DWSRF, the draft IUP will be made available at least two weeks before the workshop scheduled to be held on August 10, 2016. To ensure that interested parties were made aware of the public meeting dates, FDEP published an announcement in the Florida Administrative Weekly. See appendix A for details.

We will welcome input on all aspects of the IUP at the public meeting. The meeting provides a forum for discussing the overall purpose, format, and content of the IUP including the types of assistance being provided through the DWSRF project account and set-aside account, the long- and short-term goals of the program, the priority system used to rank individual projects, and the proposed list of projects to receive funding from FFY 2016 funds.

II. DWSRF LONG-TERM AND SHORT-TERM GOALS

In establishing the national DWSRF program, Congress gave the states the flexibility to design a program that can be tailored to meet the needs of local public water systems. The long and short-term goals developed for Florida's DWSRF program are presented below. They provide a framework that will guide the decisions Florida makes in the DWSRF program.

A. Long-Term DWSRF Goals

1. It is a priority of the State to ensure a safe and adequate water supply for the small communities in Florida. Therefore, the DWSRF program has the goal of maximizing the small community participation in the DWSRF program.
2. Provide assistance for projects, which will facilitate compliance with national

primary drinking water regulations under section 1412 of the SDWA or otherwise significantly further the health protection objectives of the Act (section 1452(a)(2)).

3. Encourage systems to achieve compliance with the SDWA. The program also encourages projects that provide the greatest protection to public health, and projects which assist systems most in need on a per household basis.
4. Administer the program so that its revolving nature is assured in perpetuity. The long-term financial integrity of the DWSRF program will be maintained through the judicious use and management of its assets and by realizing an adequate rate of return. Also, the fiscal, technical and managerial integrity of the DWSRF program will be assured by preventing fraud, waste and abuse.
5. Use the DWSRF set-aside funds strategically and in coordination with the program loans to maximize the DWSRF loan account's impact on achieving affordable compliance and public health protection.
6. Facilitate allocation of program resources to address the most significant public health and compliance problems by actively working with these systems and the drinking water regulatory staff.
7. Promote the development of the technical, managerial, and financial capability of all public water systems to maintain or come into compliance with state drinking water and federal SDWA requirements.
8. Encourage the consolidation and/or regionalization of public water systems that lack the capability to operate and maintain systems in a cost-effective manner, thus allowing them to take advantage of the economics of scale available to larger water systems.
9. Provide drinking water assistance in an orderly and environmentally sound manner.
10. Assure that all new water systems funded by the program demonstrate technical, managerial, and financial capability with respect to each national primary drinking water regulation in effect.

B. Short-Term DWSRF Goals

1. Coordinate completion of set-aside work plans for each set-aside activity. (Target Completion: Annually)
2. Support the continuation of source water protection programs.
3. Coordinate implementation of capacity development strategy with PWSS staff. (Continuing)

4. Continue the outreach activities to ensure that systems are aware of and understand DWSRF assistance options and the application process by presenting an annual statewide workshop to publicize the DWSRF program. (Target Completion: Annually)
5. Maintain and improve a database that integrates drinking water project data with program management data. The database will eventually generate the DWSRF Priority List automatically. This function is already available for the CWSRF.
6. Assure that all funds in the fund are expended in an expeditious and timely manner, by executing binding agreements in an amount equal to not less than 120 percent of the amount of each capitalization grant payment within 1 year after the receipt of such capitalization grant payment.
7. Assure the fiscal, technical, and managerial integrity of the SRF program by preventing waste, fraud, and abuse.
8. Use the Federal DWSRF Project Benefits Reporting (PBR) system to track drinking water projects and report quarterly to EPA.
9. Complete a rule change for the State's DWSRF program and update the Operating Agreement and the IUP to reflect the changes in the rule.

III. STRUCTURE OF THE DWSRF

The DWSRF consists of three accounts that are used to provide assistance to accomplish its goals.

A. DWSRF Loan Account

This account provides assistance for the planning, design, and construction of improvements to publicly and privately owned community water systems (CWS). Federally owned facilities are not eligible for funding. This account consists of all federal funds used for infrastructure assistance, all state match funds, loan repayments, and interest earnings of the Fund. The types of projects that can be funded under the loan account include the following:

- Construction or upgrade of treatment facilities
- Replacement of contaminated sources with new ground water sources
- Installation or upgrade of disinfection facilities
- Consolidation. Eligible projects are those needed to consolidate water supplies where, for example, a supply has become contaminated or a system is unable to maintain compliance for technical, financial, or managerial reasons.
- Planning and engineering associated with projects meeting specific eligibility criteria
- Replacement of aging infrastructure

- Transmission lines and finished water storage
- Distribution system replacement/rehabilitation
- Acquisition of land if needed for the purposes of locating eligible project components
- Other projects necessary to address compliance and enforcement issues

Limitations of the DWSRF Loan Account

The SDWA allows states to buy or refinance debt obligations for publicly owned DWSRF projects if the long-term debt was incurred after July 1, 1993. We will only consider these applications if the sponsor was authorized to incur the debt before construction was initiated. Funds in the loan account will be invested in interest bearing accounts; however, funds will not remain in the account primarily to earn interest.

The federal DWSRF Guidelines (EPA 816-R-97-005) specifically lists the following as projects that cannot be funded through the DWSRF:

- Projects primarily intended to serve future growth
- Projects needed primarily for fire protection
- Laboratory fees for monitoring
- Operation and maintenance expenses
- Projects for systems that lack adequate technical, financial, and managerial capability, unless assistance will ensure compliance
- Projects for systems in significant noncompliance, unless funding will ensure compliance
- Dams, or rehabilitation of dams
- Water rights, except if the water rights are owned by a system that is being purchased through consolidation as a part of a capacity development strategy
- Reservoirs, except finished water reservoirs and those reservoirs that are part of the treatment process and are on the property where the treatment facility is located

B. DWSRF Set-Aside Account

This account provides assistance for set-aside activities funded through the DWSRF. The activities to be funded by the DWSRF set-aside account include technical assistance to small systems, source water protection programs, and the development and implementation of our capacity development strategy. A complete description of set-aside activities is provided in Section V.

Each set-aside activity will have a separate sub-account that will be tracked separately in the state accounting and financial reporting system. Sub-account reports will provide budget levels and expenditures to date for tracking purposes and will be a source of reporting for the DWSRF biennial report required by the SDWA. Sub-accounts have been established for the following set-asides:

- Small system technical assistance - for assistance to small systems through the Florida Rural Water Association (FRWA)

- State program management - for source water protection program administration, PWSS program support, and capacity development strategy development and implementation
- Local assistance and other state programs - for delineation and assessment of all state public drinking water supplies

C. DWSRF Administrative Account

The service fees of two-percent collected by the FDEP from applicants are held in the Administrative Account which is used to support the state operation and management of the DWSRF program. This account helps to ensure the long-term operation and administration of the DWSRF program.

IV. FINANCIAL STATUS OF THE DWSRF

This section reports on all sources of funding available to the DWSRF program and indicates their intended uses. A description of the terms of the financial assistance available through the DWSRF program is also included in this section.

A. Sources and Uses of Funds

Program funding is based on receiving the FFY 2016 capitalization grant, expected to be approximately \$30,403,000, from EPA. The 20 percent state match of \$6,080,600 required to obtain these funds will be covered by funds appropriated by the Florida legislature in the 2016 session and in 2017, if necessary.

In addition, deobligated funds from SFY 2016 of \$24,853,151, recaptured funds from the current fiscal year of \$9,620,325, investment earnings of \$2,832,365, and repayments of \$40,000,000 expected from SFY 2016 are expected to be available for use in the upcoming year. The total funding available is expected to be \$115,149,640. The DWSRF program will provide approximately \$113,987,550 in assistance to public water systems and \$1,162,090 for set-aside program activities.

Service fees charged to offset administrative costs are paid as part of the first two semi-annual repayments. Income generated from service fees in SFY 2015 totaled \$449,957 including interest earned in the service fee account. This service fee is currently 2 percent of the total loan amount. The use of these funds shall be limited to administrative costs.

The state program management set-aside match requirement is met annually by an overmatch in the Public Water System Supervision (PWSS) program.

The total funds available in the DWSRF for SFY 2017 and the intended allocation to each activity are presented in Attachment 1.

B. Financial Terms of Loans

The SDWA allows states to charge interest rates ranging from 0 percent to the market rate for DWSRF loans. We have determined that the interest rate on a DWSRF loan should reflect current market conditions. Therefore, the interest rate for standard DWSRF loan is 60 percent of the weekly average yield reported in The Bond Buyer 20-Bond GO Index for the preceding quarter. Terms are 10 years for pre-construction assistance, 20 years for standard construction loans, and up to 30 years for sponsors qualifying as a financially disadvantaged community. Terms are further limited to the useful life of the project components. Fees in the loan agreement include a service fee of 2 percent of the loan that is assessed as part of the first two repayments.

Florida also reserves funds for financially disadvantaged public water systems serving communities with weak financial and socioeconomic conditions. The lesser of 15% of the funds allocated each year by the Department or 30% of the amount determined by adding the federal grant and state matching funds and subtracting the set-asides authorized by the Act will be used to fund projects for financially disadvantaged communities. The criteria used to establish that a community is disadvantaged are described in Attachment 2 of this IUP.

If funds are available disadvantaged communities may receive some grant assistance for the public health risk portion of their project. The grant amount is determined based on the percentage of the average annual residential user charge that is applied to the system's debt service (assuming the project was funded entirely through a loan) divided by the median household income of the system's customers. This ratio is known as the debt service burden. In accordance with the State Rule, no sponsor will receive more that 25% of the funds reserved for financially disadvantaged water systems.

V. SET-ASIDE ACTIVITIES

The SDWA allows each state to set-aside funds from its federal capitalization grant to support various drinking water programs including administration, technical assistance, state program management, and special activities. The DWSRF program plans to use \$1,162,090 million in federal funding (about 4 percent of the FFY 2016 funding). We will report on the progress of set-aside activities to EPA in the DWSRF Annual Reports.

A. DWSRF Administration

[SDWA reference 1452 (g)(2), Max Allowed: 4%, Taken from FFY 2016 Grant: 0% for the current year]

The DWSRF is administered by the SRF Program with assistance from SRF Program Management group within the Division of Water Restoration Assistance. The administration set-aside is used to pay salaries and associated expenses of new and existing program personnel devoting time to the administration of the DWSRF account. Administration set-aside funds are used to procure all equipment and training necessary for the adequate performance of the staff. Because the administration funding from past years, together with the loan service fees discussed in Section IV. A. above, are adequate to cover the costs for SFY 2017, the four percent set-aside for FFY 2016 will be banked for use in subsequent years and utilized for projects this year.

B. Small Systems Technical Assistance

(SDWA reference 1452 (g)(2), Max Allowed: 2%, Taken from Federal FY 2016 Grant: \$608,060 or 2%).

These funds will be used to provide technical assistance to small public water supply systems serving fewer than 10,000 people. The grantee providing the assistance to small systems will file monthly reports to the DEP. These reports will specify the number of visits (contacts), the type of assistance provided, which of the requirements of the 1996 amendments of the SDWA were addressed, and SRF program/application assistance provided.

Our proposed contract with the FRWA for FFY 2016 will fund a total of six Drinking Water Circuit Rider FTEs, two Engineers, and one Trainer from this SRF set-aside as detailed in Attachment B. Training/technical seminars for PWSs are included. Some grant funds are also earmarked for Special Projects. Special Projects are field studies of water quality and compliance problems typically affecting multiple systems.

Either DWSRF program management funds or the Department's EPA PWSS grant funds may be utilized to fund this contract. A banking plan that uses prior year's unspent grant funds was established to maintain a consistent multi-year assistance program.

The DWSRF assistance to be provided by the Circuit Riders includes:

- Assisting with planning in preparation for a DWSRF loan,
- Helping small systems comply with federal value engineering requirements, and other state requirements,
- Providing technical assistance to small system operators to improve operation and compliance,
- Helping small systems to find and obtain funding in addition to the DWSRF,
- Training small system operators,
- Assisting in Special Projects to evaluate compliance problems.

The DWSRF assistance to be provided by the Engineering positions includes:

- Providing capacity assessments to small systems and devising corrective action plans for improving technical, financial, and managerial capacity, and assistance to small systems with the development of a business plan. Design and permit projects for small water systems to correct capacity development and compliance problems. Priority will be given to projects

correcting public health risks.

- Preparation of facilities plans to meet the requirements of Florida's DWSRF. This activity will provide an avenue for systems to obtain assistance when funds are not available to prepare the planning documents necessary to receive DWSRF funds or other forms of assistance.
- Review of plans and specifications submitted to the DWSRF Program for cost effectiveness and efficiency. This function is intended to maximize the efficiency of the limited funds available for financially disadvantaged community systems and to comply with federal value engineering requirements.
- Assist small systems to prepare corrective action plans that address capacity development issues and to help prioritize drinking water system projects within the community,
- Assist small water systems in attaining compliance with the Disinfectants/ Disinfection By-products Rule by evaluating their disinfection process and sampling plan requirements, and
- Helping small systems comply with federal value engineering requirements.

The Trainer position will be fully funded through FRWA's Technical Assistance contract with DEP. This position will arrange for and provide technical assistance, training and mentoring primarily for small water system owners and operators. This position will also assist with or conduct Special Projects as assigned by DEP. Success will be measured by an evaluation of monthly reports and improved compliance noted among systems receiving training.

C. State Program Management

(SDWA reference 1452 (g)(2), Max Allowed: 10%, Taken from Federal FY 2016 Grant: \$554,030).

State Program set-aside funds are used to address additional program requirements of the PWSS program outlined by the SDWA and to administer or provide technical assistance through source water protection programs.

This set-aside requires a one-to-one state match beyond the 20 percent state match for federal capitalization grants. However, credit is given for the overmatch funding provided by the state for the PWSS grant in FFY 1993 and 2013. Using these match credits, the State satisfies the required match for this set-aside as shown in Attachment 3.

(1) Source Water Protection Program (Federal FY 2016 Grant: \$214,030).

These funds will be used to address additional program requirements of the PWSS program outlined by the SDWA and to administer or provide technical assistance through source water protection programs.

A total of nine (9) OPS positions will be funded through the use of the Source Water Protection Program Enhancement funds. Below is a description of additional activities for use of these funds.

Program Implementation (\$214,030)

Nine (9) OPS positions will assist with program enhancements and other activities associated with implementing the Source Water Protection Program. Program implementation also includes the purchase of necessary supplies, the training of 14 field offices on sanitary survey inspections and rules training.

(2) PWSS Program (Federal FY 2016 Grant: \$340,000).

A. FDEP Demonstration of a Comprehensive Performance Evaluation (\$38,000)

Process Applications, Inc. (PAI) with the support of USEPA Technical Support Center Staff will conduct a four-day demonstration Comprehensive Performance Evaluation (CPE). PAI is the prime contractor for the USEPA drinking water optimization program, including the Area Wide Optimization Program (AWOP). In addition, PAI developed the Composite Correction Program for optimizing drinking water facilities, a key component of AWOP. PAI utilizes this background and experience to provide training to new AWOP states and existing AWOP states that are re-building their program through the addition of new staff and other resources.

- a. Demonstration CPE Labor Cost (\$34,000)
- b. Demonstration CPE Travel Cost (\$4,000)

B. Area Wide Optimization Program Training (\$52,000)

Two separate training/implementation events will be conducted by USEPA's optimization support contractor, Process Applications, Inc., through coordination with a state contact designated by FDEP. The training approach is designed to provide FL DEP staff with the information needed to enhance Area-Wide Optimization Program (AWOP) implementation after completing the first and second events. Complete participation in this training package, including both events, should increase awareness of optimization principles and concepts among the FL DEP staff members and enhance the value of their ongoing participation in the multi-state AWOP.

- a. Training Event #1 – Surface Water Treatment Optimization Data Analysis and Integrity (\$30,000)
- b. Training Event #2 – AWOP Kick-off and Status Component Development (\$22,000)

C. Water Loss Training Program (\$250,000)

Water supply challenges and the need for robust conservation planning are driven by declining high quality groundwater supplies and aging utility infrastructure. Water Loss

Control is an important and cost-effective part of water resource management for water utilities and state agencies. The Department is interested in developing a pilot training program to guide and advance the adoption of best-practices for water loss control in the state of Florida. The purpose of the pilot program is to demonstrate willingness and ability of selected pilot utilities to learn the AWWA water loss auditing & validation practices, and using the AWWA methods to provide superior insight into the utilities' system efficiency. The results of the pilot program will help roll out a state-wide Water Loss Control training initiative. The Water Loss Training Pilot Program is estimated to cost \$250,000. Similar programs have been conducted in states of Wisconsin, California, and Georgia, using in part, funds from the DWSRF capitalization grant set-asides.

VI. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

A. Distribution of Funds

The SDWA provides each state with flexibility to determine how much of their capitalization grant should be used for infrastructure loans, assistance to financially disadvantaged communities, and set-aside activities. However, with this flexibility comes responsibility to determine how to best direct funds to address the problems in the state. We believe it is critical to evaluate and understand the impact of our decisions in order to ensure that financial assistance will be available in the future.

B. Disadvantaged Community Funds

FDEP plans to allocate about \$30.0 million to provide loans and grants for projects that qualify as financially disadvantaged communities. The State anticipates that this allocation should cover the needs of all eligible projects, up to the segment cap, during this IUP period based on a statewide financial needs evaluation. We are committed to operating the DWSRF program at funding levels that ensure all communities with high priority projects will receive assistance. The funds reserved for financially disadvantaged communities will be used to provide assistance to communities that have the greatest need and do not have the financial resources to fund essential projects. The specific requirements for these funds are provided in Attachment 2.

About \$7 million of the funds allocated to financially disadvantaged sponsors will be available as principle forgiveness for projects that correct a public health risk. Additional information is included in Section VII A. below.

C. Capacity Assessment 1452(a)(3)(A)

The SDWA requires that a public water system applying for a DWSRF loan must show that it has the technical, financial, and managerial capacity to ensure compliance. If a system does not have adequate capacity, assistance may only be provided if it will help the system to achieve capacity. The goal of this requirement is to ensure that DWSRF assistance is not used to create or support non-viable systems. A Business Plan is required as part of the DWSRF loan application process. No construction funds are provided to systems that lacked capacity or to systems that were in significant noncompliance.

In addition, the SDWA requires new systems to document capacity prior to the permitting of each system. It also requires states to develop a strategy to ensure capacity at existing systems.

Technical Capacity

To demonstrate technical capacity, DWSRF loan applicants must show that drinking water sources are adequate, that the system's source, treatment, distribution and storage infrastructure are adequate and that personnel have the technical knowledge to efficiently operate and maintain the system. As part of reviewing a loan applicant's facilities plan, FDEP will review the system's records to assure that the system is being properly operated and maintained. The water system must not have outstanding water compliance problems unless the DWSRF project is intended to correct those problems.

Technical capacity is also ensured through the interaction with the recently approved Operator Certification Program OCP and the PWSS program. The knowledge, skills, and abilities are assured through the licensing of operators. Licensing includes both experience and examination requirements. Once an individual becomes licensed and begins operating a drinking water facility, the PWSS Program ensures that the operator is competent and complying with all drinking water requirements through periodic inspections and sanitary surveys. If a permittee or an operator is found to be in violation of the requirements, or is negligent in any way, enforcement action is undertaken. Enforcement may include warning letters, administrative fines, probation, and suspension of the license for a period of time, or revocation of the license.

The engineering reports, plans, and specifications for the proposed DWSRF-funded project will all be evaluated prior to the application process.

Financial Capacity

To demonstrate financial capacity, the applicant must show that the system has sufficient revenues to cover necessary costs and demonstrate credit worthiness and adequate fiscal controls. The FDEP ensures financial capacity through a detailed review of the financial information required in the financial portion of the business plan and the loan application process. In addition, for loans, security measures are incorporated into the loan agreements.

Managerial Capacity

To demonstrate managerial capacity, the water system must have personnel with expertise to manage the entire water system operation. The FDEP ensures managerial capacity through a detailed review of the business plan and by the PWSS Program through their inspections and sanitary surveys. Plant records are reviewed to ensure that supervision at the plant is adequately documented and that management is involved in the day to day supervision of the water system, is responsive to all required regulations, is available to respond to emergencies, and is capable of identifying and addressing all necessary capital improvements and assuring financial viability. The water system must

have a qualified water operator in accordance with Chapter 62-699, F.A.C.

Long-Term Capacity

Florida will assess whether each water system has a long-term plan to undertake feasible and appropriate changes in operations necessary to develop adequate capacity. In making these assessments, FDEP will consult with the district offices and local health departments, review Comprehensive Plans, and revisit the Drinking Water Needs Survey data in an effort to improve the overall capacity of systems requesting assistance. In the case of small communities, technical and managerial assistance will be provided by the Florida Rural Water Association through ongoing training programs.

FDEP will also actively encourage consolidation efforts when two or more systems can benefit. The priority-ranking criterion provides additional points to encourage this objective.

D. Establishing Project Priority

Both federal and state law require that we develop a project priority ranking system to determine the priority order of projects to be funded through the DWSRF program. As called for by section 1452(b) of the SDWA, our priority ranking system is designed so that the greatest priority is given to projects that:

1. Address the most serious risks to human health
2. Ensure compliance with federal and state drinking water regulations
3. Assist systems most in need on a per household basis (affordability)

Our priority system was developed under the guidance of the TAC. The TAC reviewed the major compliance issues affecting drinking water systems in our state to determine the most critical needs. The results indicated that an important compliance issue for water systems in the state was related to violations of drinking water quality health standards for microbiological contaminants, some of which could have an adverse impact on human health. It was also noticed that the sources for many systems were determined to be under the direct influence of surface water, and as such, were out of compliance with the surface water treatment rules. In addition, private wells with chemical and microbiological contamination were found to be a serious health risk and this issue was also addressed in the priority system.

The priority system FDEP developed in partnership with the TAC places a focus on projects to address these important public health and compliance problems. FDEP developed six baseline categories and three bonus categories for use in the ranking of projects. The complete priority system can be found in Appendix D and is summarized below:

Baseline Categories

Acute Public Health Risks. The highest number of baseline points is given to projects that address an acute public health risk problem. The problem may be microbiological contamination that directly affects public health, nitrate/nitrite,

lead or copper contamination, or non-compliance with the surface water treatment rule.

Potential Acute Public Health Risks. The second highest number of points is given to systems that exceed 50 percent of the MCL for nitrate, nitrite, or total nitrogen. This priority is also given to projects that address disinfection violations, total coliform violations, and to those systems that do not meet the requirements of the Enhanced Surface Water Treatment Rule.

Chronic Public Health Risks. The next highest priority is given to projects that address a primary contaminant violation and to systems that exceed the standards for Radionuclides.

Potential Chronic Public Health Risks. Systems with primary contaminant levels that are within 50% of the MCL or trihalomethane levels within 80% of the MCL are given the next highest priority.

Compliance Issues. Violations of the secondary contaminant standards and compliance issues such as not having the minimum number of wells required or not meeting the treatment, storage, power, or distribution requirements receive the next highest number of points. In addition, projects that address well setback and well construction requirements or cross-connection/backflow control requirements receive this score.

Other. All projects not meeting one of the above categories receive the minimum baseline score.

Bonus Categories

Affordability. Up to 100 bonus points are available to systems in financially disadvantaged areas. The actual number of points received is inversely proportional to the median household income.

Population served. Up to 50 bonus points are available to small systems based on the population served. The number of points received is inversely proportional to the population served, up to 50,000.

Consolidation. Projects involving consolidation of systems receive 15 bonus points for each system consolidated, up to 45 points. This is often the best solution for small systems with significant technical, financial, and managerial problems.

Projects are identified by systems through a Request for Inclusion (RFI) submittal process. Once an RFI form is received, the sponsor's project is placed on a comprehensive list of projects. FDEP project engineers review the form and assign points to projects based on the information provided by the project sponsor. All project sponsors submitting an RFI are contacted and the program requirements are discussed. Sponsors that complete all readiness requirements are then

eligible to compete for funding. Unreserved funds are assigned to projects in priority score order, within the segment cap, until the funds are exhausted. Projects for which funding is not available and projects that are incompletely funded are placed on the contingency list for consideration in future years. The fundable list for the SFY 2017 funds is included as Attachment 4.

E. Small System Funding

Following completion of the ranking process for unreserved funds, the funds reserved for small communities (15 percent of the available funds) are allocated. These funds are assigned to projects sponsored by small systems that do not make the fundable list based on the unreserved funds. This procedure assures that at least 15 percent of the projected funding amount will be available for public water systems that regularly serve fewer than 10,000 people, as required by the SDWA. If there are reserved funds remaining after assigning funds to eligible small system projects then the reserved funds shall be released for use by other unfunded projects. Based on the expected fundable list, \$30 million of the \$114 million available for projects, or about 26 percent of SFY 2017 project funds will be used by small water systems.

F. Tie Breaking Procedure

When two or more projects score equally under the project priority system a tie breaking procedure will be used. The project that completed the requirements for funding first will receive priority.

G. Bypass Procedure/Readiness to Proceed

A project must be ready-to-proceed prior to being placed on the fundable portion of the list. If a sponsor fails to execute an assistance agreement in a timely manner it is subject to bypassing at a subsequent priority list hearing.

H. Refinancing Existing Loans

Refinancing is not permitted for projects that were not approved prior to construction. The approval is in the form of a letter authorizing the sponsor to incur costs.

I. Automated Clearing House Payment Schedule

Attachment 5 provides the “Automated Clearing House” payment schedule for SFY 2017 funding and identifies the timing of the cash outlays by the Federal government.

VII. REQUIREMENTS FROM THE FFY 2016 APPROPRIATION BILL

A. Additional Subsidization

The 2016 Appropriation Bill requires that not less than 20% of the funds made available to each State for Drinking Water State Revolving Fund capitalization grants shall be used by the State to provide additional subsidy to eligible recipients. In accordance with the State’s DWSRF Rule, sponsors who are financially disadvantaged and have projects that have a public health risk are

eligible to receive a principal forgiveness loan. For FFY 2016, 20% of the \$30,403,000 capitalization grant is \$6,080,600 , which is the minimum amount of funds that will be obligated as principal forgiveness. These funds will be obligated to financially disadvantaged sponsors on the Fundable List in the order of priority score until funds are exhausted. Principal forgiveness shall be limited to the public health portion of their project. Additional priority list hearings will be held, as necessary, to encumber the required subsidization amount.

B. Green Infrastructure

The 2016 Appropriation Bill requires that for fiscal year 2016, to the extent there are sufficient eligible project applications, funds shall be made available to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

C. Wage Rate Requirements (Davis-Bacon Act)

All appropriate DWSRF agreements and all appropriate procurement contracts for any construction project carried out in whole or in part with such assistance made available by a drinking water treatment revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), will include a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C.300j-9(e)). The State will also require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions.

D. Reporting Requirements

Florida's DWSRF will report quarterly in the DWSRF Project Benefits Reporting (PBR) systems on the use of all SRF funds. This information will include the data elements listed in EPA's April 21, 2010 guidance document, *Procedures for Implementing Certain Provisions of EPA's Fiscal Year 2010 Appropriation Affecting the Clean Water and Drinking Water State Revolving Fund Programs*. This information will also be included in the annual report. Concerning Environmental Benefits Reporting, Florida's DWSRF will follow any guidance made available from EPA (including guidance from the EPA Grants Office), including the reporting of all the proposed PBR data elements on a quarterly basis, in lieu of benefits reporting.

E. American Iron and Steel (AIS)

P.L. 113-76, Consolidated Appropriations Act, 2014 (Act), includes an "American Iron and Steel (AIS)" requirement in section 436 that requires Drinking Water State Revolving Loan Fund (DWSRF) assistance recipients to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works if the project is funded through an assistance agreement executed beginning January 17, 2014 (enactment of the Act), through the end of Fiscal Year 2014. All DWSRF projects will comply with the requirements of the Act.

VIII. CWSRF-DWSRF FUND TRANSFERS - We have no plans to transfer any funds

ATTACHMENT 1

SOURCE AND USE OF FUNDS

ATTACHMENT 1: SOURCE AND USE OF FUNDS (PROJECTIONS)

SFY 2017 APPROPRIATIONS

SOURCE OF FUNDS	Amount
FEDERAL FUNDS	
FFY 2016 Capitalization Grant	\$30,403,000
STATE FUNDS	
SFY 2017 Matching Funds Appropriated by the Florida Legislature	\$7,440,800
SFY 2017 Loan Repayments	\$40,000,000
Interest on Idle SRF Funds	\$2,832,365
Subtotal	<u>\$50,273,165</u>
PRIOR YEARS' BALANCE CARRIED FORWARD	
Deobligated Construction Loan Funds	\$24,853,151
Recaptured funds	\$9,620,325
Subtotal	<u>\$34,473,476</u>
TOTAL AVAILABLE FUNDS	<u>\$115,149,640</u>
USE OF FUNDS	
TOTAL FEDERAL CAP GRANT	
Set Asides	
Administration 4%	\$0
Small Systems Technical Assistance (2% of Cap. Grant)	\$608,060
State Programs	
Capacity Development (1452(g)(2))	\$340,000
Source Water Protection (1452(g)(2))	\$214,030
Set-Aside Subtotal	<u>\$1,162,090</u>
PROJECTS	
Disadvantaged Community Assistance	\$30,000,000
[Includes Additional Subsidization (min of 20% of cap grant)]	
Small Systems (min of 15% of available funds)	\$30,000,000
Unreserved Construction Loan Funds	<u>\$53,987,550</u>
Total for Projects (available funds minus total federal set-asides)	\$113,987,550
TOTAL AVAILABLE FUNDS	<u>\$115,149,640</u>

ATTACHMENT 2

CRITERIA FOR DISADVANTAGED COMMUNITIES

**Funding of Pre-construction and Construction Grants
for
Financially Disadvantaged Communities**

Grants shall be available only after a listing on the fundable portion of the priority list has been obtained, a complete grant application has been submitted to the Department, and a grant agreement has been executed. Pre-construction grants shall be available before the completion of project planning, however, these grants are only available to small communities with a public health risk based component.

1. A project sponsor must qualify as a financially disadvantaged community. A "financially disadvantaged community" means a municipality, county, or agency (such as a county-wide department) thereof, franchised area, or other entity with a public water system service jurisdiction meeting the following requirements:
 - a. It must be served by a community water system;
 - b. It has a median household income of less than the statewide average as reported in the most recently available decennial census or as of a more recent verifiable determination and, for the purpose of qualifying for a grant to fund post-allowance project activities, it would have a debt service component, reflecting both existing indebtedness and that which would be required to implement the proposed project without financial assistance under this rule chapter, of the annual average residential drinking water user charge (or the equivalent thereof) to median household income financial burden ratio exceeding the following criterion:
 - i. When the median household income is at least 80 percent but less than the 100 percent of the statewide average, the financial burden ratio criterion shall be 1.0 percent;
 - ii. When the median household income is below 80 percent of the statewide average, the financial burden ratio criterion shall be 0.5 percent.
2. For pre-construction grants a project sponsor must qualify as a small community unless the project priority is based, in part, on consolidation or regionalization.
3. Construction grants must meet the user charge (or equivalent) financial burden, benefit limitation, and priority criteria as set forth in Chapter 62-552, F.A.C.
4. Grant funds shall be made available for projects in order of priority rank established under Chapter 62-552, Florida Administrative Code (F.A.C.).
5. Grants shall be awarded only for projects that have a public health risk or compliance priority assigned.
6. Construction grant funding is based on the median household income and the financial

burden ratio.

- a. The funding shall not exceed 85 percent of the estimated post-allowance costs when the medium household income is not more than and the financial burden ratio is at least that stated under Chapter 62-552, F.A.C.
 - b. The funding shall not exceed 65 percent of the estimated post-allowance project costs when the following conditions have been met:
 - i. The median household income is not more than and the financial burden is at least that stated as the criteria under Chapter 62-552, F.A.C.
 - ii. The median household income is not more than that stated as the criterion under Chapter 62-552, F.A.C., without regard to the financial burden ratio.
7. Funding for pre-construction grants is limited to 85 percent of the amount calculated using the percentage listed in Chapter 62-552, F.A.C., for each of the allowances.

ATTACHMENT 3

STATE PROGRAM SET-ASIDE MATCHING FUNDS

Attachment 3: Public Water Supervision Program Match Funds

Year	PWSS Federal Share (a)	Required PWSS 25% State Match (b)	Actual PWSS State Match (c)	PWSS Overmatch/ (Undermatch) (d)=(c)-(b)	PWSS Programs Set-aside (e)	Source Water Protection Setasides (f)	Total State Program Set-asides (g)=(e)+(f)	FY 93 funds needed for match <\$2,806,816 (h)
1993	1,955,900	651,967	3,458,783	2,806,816				
1997	3,522,900	1,174,299	2,944,957	1,770,658	676,989	451,326	1,128,315	0
1998	3,494,800	1,164,932	3,221,833	2,056,901	309,642	1,269,340	1,578,982	0
1999	3,539,000	1,179,665	2,705,853	1,526,188	324,536	0	324,536	0
2000	3,539,000	1,179,665	3,007,797	1,828,132	337,286	1,686,427	2,023,713	195,581
2001	3,514,900	1,171,632	2,767,189	1,595,557	337,286	0	337,286	0
2002	3,483,000	1,160,999	3,293,596	2,132,597	323,349	0	323,349	0
2003	3,517,600	1,172,532	3,124,931	1,952,399	833,708	833,708	1,667,416	0
2004	3,966,600	1,322,199	2,536,607	1,214,408	339,143	1,356,573	1,695,716	481,308
2005	3,761,100	1,253,699	2,324,949	1,071,250	581,595	1,163,190	1,744,785	673,535
2006	3,682,400	1,227,465	3,862,716	2,635,251	1,672,583	1,672,583	3,345,165	709,914
2007	3,690,600	1,230,199	3,749,495	2,519,296	1,680,597	1,680,597	3,361,194	841,898
2008	3,643,900	1,214,632	4,152,257	2,937,625	1,655,640	1,655,640	3,311,280	373,655
2009	3,668,700	1,222,899	3,657,235	2,434,336	2,207,520	1,471,680	3,679,200	1,244,864
2010	3,904,300	1,301,432	3,923,600	2,622,168	2,658,960	1,772,640	4,431,600	1,809,432
2011	3,885,000	1,294,999	2,761,016	1,466,017	1,090,712	768,775	1,859,487	393,470
2012	3,871,000	1,290,332	2,760,486	1,470,154	0	0	0	0
2013	3,669,000	1,222,999	2,622,629	1,399,630	100,000	222,671	322,671	0
2014*	3,704,000	1,234,665	3,368,995	2,134,329	0	323,500	323,500	0
2015	3,663,000	1,220,999	3,358,735	2,137,736	0	321,380	321,380	0
2016	3,688,000	1,229,332	2,021,622	792,290	0	304,030	304,030	0

Note: The amounts in 2016 are estimates. The actual amounts will be determined in December 2016.

Notes:

- 1) *Amendment to the Cap Grant is pending for FFY 2014.
- 2) One-half of the funds used as match must be in addition to the amount expended by the State for the PWSS program in FY 1993
- 3) Total expended by the State for the PWSS program in FY 1993 was \$2,806,816

ATTACHMENT 4

**FUNDABLE AND CONTINGENCY LISTS
FFY 2016**

FUNDABLE PORTION

PROJECTS SCHEDULED TO RECEIVE PRIOR YEAR FUNDS:///////

RANK	SPONSOR	PROJECT NUMBER	PROJECT DESCRIPTION	PROJECT TYPE	PRIORITY SCORE	TOTAL PROJECT COST	PRINCIPAL LOAN AMOUNT	PRINCIPAL FORGIVENESS AMOUNT	ADOPTION DATE	APPLICATION DEADLINE DATE	AGREEMENT TARGET DATE
1206	MIAMI-DADE COUNTY	13023	DISTRIBUTION - PART 1 (NEW)	L	116.2	\$24,200,000	\$15,425,331	\$0	9/24/2014	AWARDED	9/11/2015
1207	MIAMI-DADE COUNTY	13023	DISTRIBUTION - PART 2 (NEW)	L	116.2	\$24,200,000	\$8,774,669	\$0	9/24/2014	AWARDED	4/22/2015
1207	FAIRPOINT RUS	570101	TRANSMISSION (INCREASE)	L	624	\$15,780,885	\$500,640	\$0	4/9/2015	AWARDED	8/6/2015
1210	NATURE COAST WA*	38071	DISTRIBUTION (NEW)	L/PF	703	\$1,762,050	\$0	\$1,044,152	4/9/2015	AWARDED	12/10/2015
1211	EASTPOINT*	19070	TRANSMISSION & TREATMENT (NEW)	PF	688.5	\$1,719,900	\$0	\$161,664	4/9/2015	AWARDED	8/7/2015
1212	Moore Creek Mt. Carmel Util.*	57100	TREATMENT (NEW)	PF	618.5	\$1,039,712	\$0	\$106,692	4/9/2015	AWARDED	11/17/2015
1214	FAIRPOINT RUS	570101	TRANSMISSION (INCREASE 2)	L	624	\$16,882,156	\$1,101,271	\$0	6/24/2015	AWARDED	8/6/2015
1215	HAINES CITY	53045	TREATMENT (NEW)	L/PF	686.7	\$6,173,086	\$247,058	\$1,400,000	6/24/2015	AWARDED	8/21/2015
1216	LAKE WALES	53032	TRANSMISSION (NEW)	L	180.5	\$2,500,326	\$240,000	\$0	6/24/2015	AWARDED	1/20/2016
			TOTAL AWARDED CARRY-FORWARD PROJECTS				\$17,274,300	\$2,712,508			
			TOTAL UNAWARDED CARRY-FORWARD PROJECTS				\$9,014,669	\$0			

PROJECTS SCHEDULED TO RECEIVE FY 2016 FUNDS:///////

RANK	SPONSOR	PROJECT NUMBER	PROJECT DESCRIPTION	PROJECT TYPE	PRIORITY SCORE	TOTAL PROJECT COST	PRINCIPAL LOAN AMOUNT	PRINCIPAL FORGIVENESS AMOUNT	ADOPTION DATE	APPLICATION DEADLINE DATE	AGREEMENT TARGET DATE
1300	HAINES CITY	53045	TREATMENT (SEGMENT)	L/PF	686.7	\$6,173,086	\$678,905	\$3,847,123	9/23/2015	AWARDED	1/3/2016
1301	PONCE INLET*	64140	TRANSMISSION & DISTRIBUTION (INCREASE)	L	347	\$1,366,438	\$212,288	\$0	9/23/2015	AWARDED	12/2/2015
1302	ORANGE CITY	64200	SUPPLY, TREATMENT & DISTRIBUTION (NEW)	L/PF	711.7	\$6,557,562	\$985,560	\$4,000,000	9/23/2015	AWARDED	12/21/2015
1303	MARIANNA*	32022	TRANSMISSION & DISTRIBUTION (NEW)	L/PF	657.9	\$3,127,976	\$461,688	\$2,475,816	9/23/2015	AWARDED	4/20/2016
1304	LAKE WORTH	50171	DISTRIBUTION (NEW)	L	360	\$568,432	\$568,432	\$0	9/23/2015	AWARDED	3/21/2016
1305	LIGHTHOUSE UTILITIES*	23030	SUPPLY, TREATMENT & DISTRIBUTION (NEW)	L	175.7	\$5,308,950	\$240,000	\$0	9/23/2015	AWARDED	4/20/2016
1306	WILDWOOD*	60023	SUPPLY (NEW)	L	161.5	\$1,165,393	\$151,080	\$0	9/23/2015	AWARDED	4/20/2016
1307	GASPARILLA ISLAND*	36081	SUPPLY, TREATMENT & TRANSMISSION (NEW)	L	148.3	\$5,074,030	\$5,074,030	\$0	9/23/2015	AWARDED	12/3/2015
1308	NATURE COAST WA*	38071	DISTRIBUTION (INCREASE)	L	703	\$2,182,626	\$0	\$362,966	10/28/2015	AWARDED	4/4/2016
1309	FORT MYERS BEACH*	36080	DISTRIBUTION (NEW)	L	143.5	\$6,690,317	\$6,690,317	\$0	10/28/2015	AWARDED	6/14/2016
1310	MIAMI-DADE COUNTY	13026	DISTRIBUTION (NEW)	L	116.2	\$54,714,450	\$40,000,000	\$0	10/28/2015	AWARDED	5/25/2016
1311	ORANGE CITY	64200	SUPPLY, TREATMENT & DISTRIBUTION (SEGMENT)	L/PF	712	\$10,027,285	\$518,533	\$0	1/20/2016	AWARDED	3/22/2016
1312	HAINES CITY	53045	TREATMENT (SEGMENT)	L/PF	686.7	\$6,610,473	\$26,978	\$152,877	1/20/2016	AWARDED	3/30/2016
1313	WINTER SPRINGS	59061	TREATMENT (NEW)	L	616.7	\$6,796,712	\$6,796,712	\$0	1/20/2016	AWARDED	8/17/2016
1314	DAVENPORT*	53070	TRANSMISSION (NEW)	L	193.3	\$2,581,200	\$240,000	\$0	1/20/2016	AWARDED	8/17/2016
1315	CHARLOTTE COUNTY	08027	TRANSMISSION & DISTRIBUTION (NEW)	L	134	\$14,071,200	\$14,071,200	\$0	1/20/2016	AWARDED	8/17/2016
1316	CHARLOTTE COUNTY	08026	TRANSMISSION (NEW)	L	111	\$2,602,724	\$2,602,724	\$0	1/20/2016	AWARDED	8/17/2016
1317	VENICE	58043	SUPPLY, TREATMENT & DISTRIBUTION (NEW)	L	110	\$3,395,595	\$3,395,595	\$0	1/20/2016	AWARDED	8/17/2016
1318	MIRAMAR	06082	SUPPLY & TREATMENT (NEW)	L	100	\$23,697,587	\$23,697,587	\$0	1/20/2016	AWARDED	8/17/2016
1319	PUNTA GORDA	08031	SOURCE & TREATMENT	L	333	\$7,228,000	\$7,228,000	\$0	5/25/2016	AWARDED	12/21/2016
1320	TAMPA	2902E	TRANSMISSION & DISTRIBUTION	L	100	\$21,062,070	\$21,062,070	\$0	5/25/2016	AWARDED	12/21/2016
			TOTAL AWARDED FY 2016 FUNDABLE PROJECTS				\$14,755,043	\$8,362,966			
			TOTAL UNAWARDED FY 2016 FUNDABLE PROJECTS				\$119,946,656	\$2,475,816			

* SMALL COMMUNITY

CONTINGENCY PORTION

RANK	SPONSOR	PROJECT NUMBER	PROJECT DESCRIPTION	PROJECT TYPE	PRIORITY SCORE	TOTAL PROJECT COST	PRINCIPAL LOAN AMOUNT	PRINCIPAL FORGIVENESS AMOUNT	ADOPTION DATE	APPLICATION DEADLINE DATE	AGREEMENT TARGET DATE
2000	ORANGE CITY	64200	SUPPLY, TRMT & DIST (SEGMENT)	L/PF	711.7	\$10,027,285	\$0	\$4,525,192	TBD	TBD	TBD
2001	OPA-LOCKA	13033	DISTRIBUTION (SEGMENT)	L	434.9	\$7,340,000	\$4,402,019	\$0	TBD	TBD	TBD
2002	MIAMI-DADE COUNTY	13026	DISTRIBUTION (SEGMENT)	L	116.2	\$54,714,450	\$14,714,450	\$0	TBD	TBD	TBD
2003	HAINES CITY	53045	TREATMENT (SEGMENT)	L/PF	686.7	\$6,610,473	\$38,630	\$218,902	TBD	TBD	TBD
TOTAL CONTINGENCY PROJECTS							\$19,155,099	\$4,744,094			

PLANNING PORTION

RANK	SPONSOR	PROJECT NUMBER	PROJECT DESCRIPTION	PROJECT TYPE	PRIORITY SCORE	ESTIMATED UNFUNDED COSTS
3000	BRADENTON	41035	AQUIFER STORAGE & RECOVERY	L	0.00	\$3,428,950
3000	BUNNELL*	18053	SUPPLY & TREATMENT	L	0.00	\$2,395,000
3000	CAPE CORAL	36013	TRANSMISSION & DISTRIBUTION	L	0.00	\$104,987,000
3000	DUNDEE*	53083	TREATMENT	PF	0.00	\$1,043,000
3000	HALLANDALE BEACH	06171	TREATMENT	L	0.00	\$750,000
3000	HIGHLAND BEACH*	50021	TREATMENT & TRANSMISSION	L	0.00	\$4,170,000
3000	HOLLYWOOD	06046	DISTRIBUTION	L	0.00	\$21,500,000
3000	LAKE WORTH	50171	DISTRIBUTION	L	0.00	\$14,848,000
3000	LEE COUNTY	3602A	DISTRIBUTION	L	0.00	\$28,004,000
3000	MANGONIA PARK*	500601	TRANSMISSION	L/PF	236.10	\$1,086,160
3000	MIAMI-DADE COUNTY	13026	DISTRIBUTION	L	0.00	\$52,109,000
3000	NORTH BAY VILLAGE*	13040	DISTRIBUTION (PIPE)	L	0.00	\$7,864,547
3000	NORTH BAY VILLAGE*	13042	DISTRIBUTION (METERS)	L	0.00	\$2,612,196
3000	NORTH MIAMI	13182	TRANSMISSION & DISTRIBUTION	L	146.00	\$12,726,000
3000	OZELLO WA*	09070	DISTRIBUTION	L	0.00	\$1,905,563
3000	PUNTA GORDA	08031	SOURCE & TREATMENT	L	0.00	\$21,768,000
3000	ST. PETERSBURG	52061	STORAGE & DISTRIBUTION	L	322.00	\$8,981,700
3000	TALQUIN W&W INC*	37010	DISTRIBUTION & TREATMENT	L	0.00	\$3,191,000
3000	TRENTON*	21010	SOURCE	L/PF	0.00	\$1,679,500
3000	WRP, INC.	46030	TRANSMISSION & STORAGE (INCREASE)	L	100.00	\$2,000,000
3000	ALLIGATOR PARK, INC.	08040	TRANSMISSION	L	364.60	\$750,000
3000	JENNINGS	24020	STORAGE & TREATMENT	L/PF	398.20	\$410,437
3000	HILLSBORO BEACH	06261	TRANSMISSION & DISTRIBUTION	L/PF	348.00	\$5,609,256
3000	MIAMI BEACH		TRANSMISSION & STORAGE & DISTRIBUTION	L		\$57,571,000
TOTAL PLANNING PORTION						\$361,390,309

ATTACHMENT 5

AUTOMATED CLEARING HOUSE PAYMENT SCHEDULE

ATTACHMENT 5: ACH PAYMENT SCHEDULE AND CASH DRAWS

FFY 2016 GRANT, AUTOMATED CLEARING HOUSE, PAYMENT SCHEDULE AND CASH DRAWS

	Federal FY 2017 QTR 1/State FY 2017 QTR 2	Federal FY 2017 QTR 2/State FY 2017 QTR 3	Federal FY 2017 QTR 3/State FY 2017 QTR 4	Federal FY 2017 QTR 4/State FY 2018 QTR 1	TOTAL
ACH PAYMENT SCHEDULE	\$ -	\$10,134,333	\$10,134,333	\$10,134,333	\$30,403,000
	Federal FY 2017 QTR 1/State FY 2017 QTR 2	Federal FY 2017 QTR 2/State FY 2017 QTR 3	Federal FY 2017 QTR 3/State FY 2017 QTR 4	Federal FY 2017 QTR 4/State FY 2018 QTR 1	TOTAL
CASH DRAW SCHEDULE FOR PROJECT	\$ -	\$10,134,333	\$10,134,333	\$10,134,333	\$30,403,000

Note: State Fiscal Year is July 1 through June 30

APPENDIX A

PUBLIC MEETING ANNOUNCEMENTS

MEETING MINUTES AND SUMMARY OF OUTSTANDING ISSUES

STATE RESPONSES TO OUTSTANDING ISSUES

Draft Notice of Meeting/Workshop Hearing

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The Department of Environmental Protection announces a public meeting to which all persons are invited.

DATE AND TIME: August 10, 2016, 1:00 p.m. – 2:00 p.m. and 2:00 p.m. – 4:00 p.m.

PLACE: Douglas Building, Room 137, 3900 Commonwealth Boulevard, Tallahassee, Florida

GENERAL SUBJECT MATTER TO BE CONSIDERED: A workshop will commence at 1:00 p.m. and continue until not later than 2:00 p.m., to present the Drinking Water State Revolving Fund (DWSRF) Fiscal Year (FY) 2017 Intended Use Plan for public review and comment, and then, beginning at 2:00 p.m. and continuing until not later than 4:00 p.m., a public meeting will be held to discuss the issues and recommendations for adoption of the FY 2017 DWSRF priority list of projects to be funded with loans under Chapter 62-552, Florida Administrative Code (F.A.C.).

A copy of the agenda may be obtained by contacting: Paul Brandl, State Revolving Fund Program, 3900 Commonwealth Boulevard, Mail Station #3505, Tallahassee, Florida 32399-3000, phone: (850)245-2986 or e-mail: paul.brandl@dep.state.fl.us.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 5 days before the workshop/meeting by contacting: Venkata Panchakarla, SRF Program, 3900 Commonwealth Boulevard, MS 3505, Tallahassee, Florida 32399-3000, phone: (850)245-2981 or email: Venkata.Panchakarla@dep.state.fl.us. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

APPENDIX B

**WORK PLAN FOR SMALL SYSTEM TECHNICAL ASSISTANCE AND PWSS SET-
ASIDES WORKPLAN**

ATTACHMENT B

**WORK PLAN FOR SMALL SYSTEM
TECHNICAL ASSISTANCE AND PWSS
SET-ASIDES
2016**



June 30, 2016

I. Small System Technical Assistance

Total Funding Amount: A total of \$608,060 is allocated to the Florida Rural Water Association (FRWA) which is 2.00% of the State DWSRF allocation.

A. Circuit Rider and Engineer Technical Assistance

1. Funding Amount: \$200,000

2. FTEs to implement: No additional FTEs for the Department are specified herein for grant management. They will be provided by Drinking Water Section staff under the PWSS Program Grant. FRWA, the contractor, will provide six drinking water circuit riders, two engineers, and one trainer to assist water systems. All of the costs for the circuit riders and the engineers are provided by funding from this allocation of the State DWSRF.

3. Goals

- a) Provide technical assistance and training to small public water systems serving populations of less than 10,000 persons. This includes small mobile home parks, retirement villages, water associations, community water systems, and Nontransient noncommunity water systems.
- b) Assist systems in meeting 1996 SDWA Amendments.
- c) Provide technical assistance in the implementation of Special Studies to evaluate compliance issues that affect a group of water systems to provide broad based guidance. These studies will also provide assistance to Area-Wide Optimization Program (AWOP), DWSRF and Capacity Development Programs for existing systems.
- d) Assist, through the efforts of two engineer positions, in the DWSRF and Capacity Development Programs for existing systems.

4. Objectives

- a) Ensure compliance of small public water systems in the preparation of consumer confidence reports. This is an ongoing yearly activity, and the DEP will refer problem systems to the Florida Rural Water Association (FRWA) for assistance in preparation of these reports. Training sessions will be held as necessary to guide owners and operators of small community public water systems in the use of the Department's recommended template for the consumer confidence reports required by the 1996 SDWA Amendments.
- b) Assist public water systems that have been identified as a part of the State's Capacity Development Strategy as potentially benefiting from assistance relating to their technical, managerial or financial capacity. FRWA will also assist public water systems that have been identified as a part of the State's Capacity Development Strategy through their routine Circuit Rider and Engineer services.
- c) Inform public water systems about the State's Revolving Loan Program. The FRWA circuit riders have been trained in the Request for Inclusion process and the SRF rules. They will assist small systems in applying for an SRF loan or grant.
- d) FRWA circuit riders will assist water systems in evaluating their vulnerability to contamination from pesticides and other selected contaminants. Systems with low

vulnerability will be assisted in applying to the Department for a Monitoring Waiver to reduce their monitoring requirements.

e) Assist systems with source water protection activities. (Informing the correct people about the needed cooperation to carry out a source water protection program is best led by a third party, in this case the FRWA circuit riders.)

f) Assist systems with Disinfection Byproducts Stage 2, Groundwater, and Lead and Copper (LCR) Rules Compliance. FRWA Circuit riders will assist systems in developing sampling/monitoring plans, 4-log demonstrations, evaluating corrosion control, and other rule related compliance issues.

g) Provide other technical assistance as needed. All current and new FRWA circuit riders are trained in the day-to-day functions of a water plant. Some are certified operators.

Technical assistance will be provided for the following specific major reasons:

- 1) Water System Compliance,
- 2) Correcting deficiencies noted by the state during a Sanitary Survey or System Upgrade,
- 3) Compliance with Capacity Development Strategy Guidelines
- 4) Operations and Maintenance

h) Provide technical assistance to help small disadvantaged systems apply for loans and grants through the DWSRF program.

i) Perform Special Projects to investigate technical or managerial problems that appear to affect a group of systems.

5. Circuit Rider Outputs

- a) Visits and Tracking. During the coming year FRWA Circuit Riders will make a minimum of 2,520 technical assistance visits to systems.
- b) The monthly Circuit Rider reports will specify the number of visits (contacts) and the type of assistance provided. Types of assistance provided include, but are not limited to, evaluating cross connection/backflow concerns and Plan Implementation, Consumer Confidence Reports (CCRs), Lead and Copper, Groundwater, DBP Rule implementation, MCL violations, public notice requirements, rule education, sampling/monitoring, source protection, and sanitary survey preparation/follow-up. These monthly progress reports will also include narratives of significant contacts. The professional engineer's reports will specify the systems assisted, the number of hours, and the nature of the assistance.
- c) DEP will track activities and water system progress toward compliance and monitoring objectives. Meetings will be held with FRWA as needed to guide their efforts to match the Drinking Water Section's needs.
- d) Operator Training.
 - 1) The Circuit Riders will attend and provide training at FRWA monthly seminars. They will also be encouraged to plan and hold Problem Solving Sessions as the need arises. Problem Solving Sessions are scheduled when two (2) or more systems are experiencing the same problem which can potentially be resolved by bringing the systems in and doing specialized training about their common problems, typically well disinfection, rate analysis, leak detection or water sampling technique.
 - 2) The FRWA will conduct six seminars, "Focus on Change", to train operators on new rule requirements and program priorities.

- e) The two Engineer positions will provide technical assistance to at least 72 small systems to enhance their capacity development status.

6. Deliverables

a) For the six circuit riders, FRWA and DEP maintain electronic and paper records of FRWA's monthly reports, which include primary reason and secondary reason codes. This allows for tracking of the associated types of technical assistance. Primary reason codes are:

- Actual Compliance (AC): dealing directly with an issue that brings the system back into compliance.
- Potential Compliance (PC): dealing with technical challenges which affect compliance.
- Management/Finance (MF): dealing with managerial and/or financial issues.
- Conservation (CO): dealing with leak detection, water audits, and other issues related to water conservation.
- Operations/Maintenance (OM): dealing with the operations and/or maintenance of the distribution system, pumps, tanks, and other parts of the water system.
- Treatment (TR): relating to coagulation/flocculation, disinfection, filters/filtration, and other matters relating to treatment.
- Outreach (OR): involves contacting public water systems to inform them of the assistance available through this contract.

Each primary reason code has several secondary reason codes which can be chosen to qualify the primary reason code. Reports also include the identity of the water system, the date assisted, and other information.

a) For the Engineers, activity reports will be prepared monthly by FRWA and maintained by both FRWA and DEP on paper and electronically.

- The reports will allow for the tracking of the assisted system's identity, dates assisted, hours spent, the nature of the assistance and whether SRF program/application assistance was provided.
- Seventy-two completed assistance projects during FFY 2013.

7. Schedule of Activities to Complete

a) Florida's has 5,200 public water systems that serve fewer than 10,000 persons each. It is anticipated that the types of contacts made by FRWA in 2012-13 will be as follows: 700 Actual Compliance; 250 Outreach and 1570 Potential Compliance.

b) A minimum of twelve (12) small system training classes and an accumulation of 300 hours or more related to Performance Hours this year.

c) Seventy-two engineering projects will be completed for small systems this year.

d) Six "Focus on Change" program seminars will be conducted.

8. Responsibilities of Agencies Involved

- a) The State of Florida is under a contract for the provision of technical assistance and training to small public water systems with the Florida Rural Water Association (FRWA). Six trained Circuit Riders are targeting their technical assistance efforts toward water systems serving populations of less than 10,000. This includes small mobile home parks, retirement villages, water associations, community water systems, and Nontransient Noncommunity water systems. Two Engineers will target their technical assistance efforts towards small systems to enhance their Capacity Development status and eligibility to participate in the DW SRF.
- b) The FRWA Circuit Riders and Engineers cover the entire state and respond to calls from the water systems themselves, the Department of Environmental Protection, the Department of Health Headquarters, and any of the eight approved local county Health Department programs. FRWA also reaches systems through outreach efforts initiated by FRWA.
- c) These efforts will be an integral part of the State's Drinking Water Compliance, Capacity Development, Monitoring Reduction and Source Water Protection Programs.

9. Department Evaluation Process Involved

- a) Measurement of compliance rate with drinking water regulations.
- b) Completion rate and timeliness of completion by water system representatives of training programs conducted by FRWA in Lead and Copper, DBP, Groundwater, Total Coliform, SOC, VOC, Secondary, and Inorganic monitoring, and other subjects.
- c) Accomplishment by FRWA of the technical assistance goals relating to the assistance provided.

B. Water System Trainer

1. Funding Amount: \$104,030 which is part of the total Small System Technical Assistance Grant provided to the Florida Rural Water Association.

2. FTEs to implement: none

3. Goals.

- a) Provide technical assistance and training to small public water systems and their operators serving populations of less than 10,000 persons and covering the entire state. This includes small mobile home parks, retirement villages, water associations, community water systems, and Nontransient Noncommunity water systems. The trainer will target assistance for one-half of his time to small system operators and the remaining time to complex groundwater systems and surface water systems.
- b) Provide technical training to Drinking Water Program Staff and groups of water system owners and operators at seminars and water industry meetings.

4. Objectives

- a) Assist systems in meeting 1996 SDWA Amendments.
- b) Provide technical assistance in the implementation of special studies to evaluate compliance and capacity development issues that affect a group of water systems including large systems to provide broad based guidance. These studies will also provide assistance to

Area-Wide Optimization Program (AWOP), DWSRF and Capacity Development Programs for existing systems.

5. Outputs

- a) The Trainer position will develop training plans, materials and manuals and conduct training sessions for operators.
- b) The Trainer will also conduct mentoring programs and comprehensive technical assistance for surface water and complex groundwater treatment plant operators.
- c) The Trainer will also provide training and technical assistance to operators of complex surface water systems and groundwater systems to assist them in achieving compliance with disinfection byproduct MCLs and TOC removal requirements.

6. Deliverables

- a) Training will be measured based on a review of Monthly Reports which summarize activities including preparation time, the number of training sessions and operators trained, and participation in Special Studies.
- b) Activity reports will be prepared monthly by FRWA and maintained by both FRWA and DEP on paper and electronically.
- c) The reports will allow tracking of the assisted system's identity, dates assisted, hours spent, the nature of the assistance and whether a written manual or training plan was provided.

7. Schedule of Activities to Complete

- a) The Trainers will provide a minimum of 12 monthly reports summarizing activities and training sessions during the grant period.

8. Responsibilities of Agencies Involved

- a) The DEP Drinking Water Section is responsible for managing the FRWA contract within which the Trainer position is supported and will set program priorities and review deliverables.

II. Program Enhancement

1. Funding Amount: \$304,030

- a) Funding amount covers an estimated \$121,237 for OPS salaries, \$62,739 indirect costs, and \$17,138 fringe and FICA benefits. The nine (9) OPS positions are in the District Offices.

2. Goals

- a) Meet USEPA and 1996 SDWA Amendment requirements; maintain Primacy on all new EPA-promulgated rules.
- b) Assist in Source Water Assessment Program (SWAP).
- c) Continue to implement adopted rules (Arsenic, Public Notification, Stage 1 & 2 Disinfection Byproducts Rules, Filter Backwash Recycling Rule, Long Term 1 & 2

Enhanced Surface Water Treatment Rules, Lead and Copper Short Term Revisions, and Radiological Rules).

- d) Submit primacy packages on the D/DBP Stage 2, LT2 ESWTR, and Ground Water Rules to EPA.
- e) Begin process to adopt the Revised Total Coliform Rule and State rules governing permitting and O & M.
- f) Assist with the schedule, and hold training sessions to train water system owners and operators of program requirements.
- g) Manage grants and contracts utilizing DW SRF Technical Assistance funds.
- h) Maintain the IT contract to ensure PWS Oracle database viability.
- i) Prepare Statements of Estimated Regulatory Costs for water related rules.
- j) Oversee the development of remote technology usage for inspections.
- k) Prepare and distribute the quarterly PWS newsletter.

3. Objectives

- a) Implement and complete 'Primacy Packages' on all recently promulgated EPA SDWA Rules (D/DBP Stage 2, LT2 ESWTR, and GWR) in FFY 2013.
- b) Continue to develop compliance scripts for new rules to update the PWS Database system, with a portion of the deliverable provided by IT consultant.
- c) Continue to implement existing rules (Arsenic, Stage 1 D/DBP, FBRR, IESWTR, LT1 ESWTR, Lead and Copper STR, PN, and Radiological, and Stage 1 D/DBP).
- d) Schedule and hold training events and meetings.
- e) Ensure that technical assistance grants and contracts meet objectives and are managed within budgets.
- f) Provide outreach to our water systems through the distribution of the PWS quarterly newsletter

4. Outputs

- a) Rules will require drafting; TACs will be formed as necessary. Rule workshops, public meetings, and rule adoption hearings may be conducted.
- b) Revised database compliance scripts, forms and training.
- c) Newsletter mailings.
- d) Grants and contracts to provide for technical assistance
- e) Training sessions and meetings.

5. Deliverables

- f) Three EPA Primacy Packages (Stage 2 D/DBP, LT2 ESWTR, GWR) will be finalized.
- g) Adopt revisions to state rule on Permitting and O & M (includes cross connection control).
- h) Oracle database will continue to be modified to track new rules.
- i) Oracle reports/scripts will be written and placed into production to assist with compliance determinations.
- j) Grants or contracts for technical assistance.
- k) Equipment needed to implement program enhancements.

6. Schedule of Activities to Complete

- l) DEP will complete primacy packages on three EPA regulations.
- m) Database modifications and compliance script updates will be completed by September 2013.
- n) Grants awarded, managed and completed by the end of FFY 2013.

7. Responsibilities of Agencies Involved

- a) The DEP Drinking Water Section will be responsible for rule development, form implementation, grant awards and management, tracking expenditures, training staff in the use of new equipment and newsletter preparation.
- b) The Office of General Counsel provides in general, legal support and guidance to the Drinking Water Program. OGC is asked to provide guidance on interpretation and application of state and federal rules and regulations. This office assists with the drafting and preparation of rulemaking materials and draft rules, as well as some permits and enforcement orders. As part of the administration of the program, OGC coordinates with and assists the program on the drafting and publication of public notices in the Florida Administrative Weekly.

8. Description of Evaluation Process Involved

- o) Rules and forms adopted in a timely manner and effective implementation verified through our Annual Program Evaluation process.
- p) GPS input and verification of each system's location information during triennial Sanitary Surveys of each community and nontransient noncommunity system and five-year interval surveys of transient noncommunity systems.
- q) To evaluate the effectiveness of the Oracle system, compliance scripts will be evaluated nightly; EPA error reports reviewed quarterly; file reviews conducted annually.
- r) Grant monthly reports reviewed to monitor progress.

APPENDIX C
SOURCE WATER PROTECTION WORKPLAN

Source Water Assessment and Protection Program (SWAPP)
Intended Use Plan for FFY 2016
Anticipated Expenditures from October 2016 through September 2017

Staffing*

1. Nine Other Personal Services (OPS) staff assist with activities associated with implementing the Source Water Protection portion of the Source Water Assessment and Protection Program. **\$201,114**

* Total Staffing Cost includes ops salaries, fringe, FICA, and indirect costs

Annual Activities

1. Program Implementation – the purchase of necessary supplies, the training of 14 field offices on sanitary survey inspections and rules training.
Project Cost: \$12,916

62-552.650 Priority Determination.

(1) The priority system for financial assistance is based on public health considerations, compliance with the Act or other enforceable requirements relating to drinking water systems, and affordability. Affordability includes the evaluation of median household income, population affected, and consolidation of very small public water systems, which serve a population of 500 people or fewer. The baseline priority score shall be determined as set forth in subsections (2), (3), and (4) below. The affordability score shall be determined as set forth in subsection (5) below and shall be added to the baseline score. Special consideration shall be given, in the form of the cost effectiveness preference under rule 62-552.700(2), F.A.C., to projects in areas where salt-water intrusion jeopardizes adequate supplies of safe drinking water.

(2) Each project, or component of a project when a project has components qualifying for different baseline priority scores, shall be assigned a baseline priority score to indicate protection of public health, compliance with the Act or other enforceable requirements, or another lower priority need.

(a) When a construction loan project has components qualifying for different baseline priority scores, the score for the entire project shall be the highest number of points for which at least 50% of the estimated project costs qualify. When no single project component generates at least 50% of the estimated project costs, the cost of the highest priority component shall be combined with one or more lower priority component costs, at the lowest number of points associated with any of the combined components, to achieve the 50% threshold and thereby establish the overall project baseline priority score.

(b) When a construction grant project has components qualifying for different baseline priority scores, each component shall be assigned its own priority score. A project must have a public health risk assigned to it or to one of its components to qualify for a construction grant under rule 62-552.370(1)(h), F.A.C. The priority of any project component, regardless of the ratios of component costs to total project cost, shall not establish overall project baseline priority score.

(c) When a pre-construction project has components qualifying for different baseline priority scores, one of the project components must have a public health risk assigned to it to qualify for a loan under rule 62-552.350, F.A.C., or a grant under rule 62-552.360, F.A.C. Such a public health risk priority establishes the overall project baseline priority score. However, an overall pre-construction project baseline priority score shall not be carried over to any subsequent construction grant or construction loan project. Any prioritization of a construction project shall be subject to the applicable paragraph (a) or (b) above.

(3) Compliance monitoring results for public water systems or County Health Department sampling results for other supply, treatment, or distribution systems during the 48-month period immediately preceding the date upon which a request for inclusion is submitted under rule 62-552.600(1) or rule 62-552.680(1)(a)2., F.A.C., shall be used to justify public health and compliance baseline priority scores involving a comparison to a maximum contaminant level (MCL) or other numerical standard relating to drinking water quality. A certification by the State Health Officer of the existence of a public health risk during the referenced 48-month period also shall justify a public health baseline priority score.

(4) Baseline priority scores shall be assigned to projects that will eliminate any of the following conditions or satisfy the Florida Administrative Code requirements cited below:

(a) Acute public health risk sub-category projects shall be assigned a baseline priority score of 800 points when the following is documented.

1. Exceedance of the fecal coliform or E. Coli MCL value as set forth in rule 62-550.310(3)(b), F.A.C.;
 2. Failure to meet the surface water treatment or disinfection requirements of rules 62-550.560 and 62-555.600 through 62-555.630, F.A.C., commonly known as the Surface Water Treatment Rule;
 3. Exceedance of a lead or copper action level as set forth in Title 40 of the Code of Federal Regulations, part 141, sections 80 through 91 (1995) for two (2) successive monitoring periods; or
 4. Exceedance of a nitrate, nitrite or total nitrogen MCL value as set forth in rule 62-550.310(1), F.A.C. For public water systems, an exceedance shall be established according to the monitoring requirements of rule 62-550.512, F.A.C.
- (b) Potential acute public health risk sub-category projects shall be assigned a baseline priority score of 700 points when the following is documented.
1. Exceedance of the total coliform MCL value as set forth in rule 62-550.310(3)(a), F.A.C.;
 2. Violation of the disinfection requirements under rule 62-555.320(4), F.A.C.;
 3. Exceedance of 50% of a nitrate, nitrite or total nitrogen MCL value as set forth in rule 62-550.310(1), F.A.C.;
 4. Treatment or disinfection facilities are needed to enhance compliance with the Surface Water Treatment Rule; or
 5. A certification is made by the State Health Officer that an acute public health risk exists as a result of contaminants for which the Department has no established standards for water supplies and the proposed project will eliminate the risk.
- (c) Chronic public health risk sub-category projects shall be assigned a baseline priority score of 600 points when an exceedance of an MCL value for the following is documented.
1. Primary chemical contaminants (except nitrate, nitrite, and total nitrogen) identified in Tables 1, 2, and 3 of chapter 62-550, F.A.C.;
 2. Trihalomethanes identified in rule 62-550.310(2)(a), F.A.C.; or
 3. Radionuclides identified in rule 62-550.310(4), F.A.C.
- (d) The potential chronic public health risk sub-category projects shall be assigned a baseline priority score of 500 points when the following is documented.
1. Exceedance of 50% of an MCL value for primary chemical contaminants (except nitrate, nitrite, and total nitrogen) identified in Tables 1, 2, and 3 of chapter 62-550, F.A.C.; or
 2. Exceedance of 80% of an MCL value for trihalomethanes identified in rule 62-550.310(2)(a), F.A.C.; or
 3. A certification is made by the State Health Officer that a chronic public health risk exists as a result of contaminants for which the Department has no established standards for water supplies and the proposed project will eliminate the risk.
- (e) The compliance with the Act and other enforceable requirements category projects shall be assigned a baseline priority score of 300 points when any of the following is documented.
1. Violation of any secondary contaminant standard found in Table 4 of chapter 62-550, F.A.C.
 2. Required facilities do not currently exist or must be provided to enable compliance with rules of the Department. The situations requiring compliance are listed below:

a. Requirements for the minimum number of wells in rule 62-555.315(1), F.A.C.;

b. Well set-back and construction requirements of rules 62-555.312 and 62-555.315, F.A.C., respectively;

c. Treatment, storage, power, and distribution requirements of rule 62-555.320, F.A.C.; and

d. Cross connections and backflow control requirements of rule 62-555.360, F.A.C.

(f) A separate category having a baseline priority score of 100 points shall be assigned to all other projects that cannot be categorized under paragraphs (a) through (e) above. Examples of such projects are water softening treatment and computer or laboratory facilities.

(5) In addition to the assignment of a baseline score, each project shall be awarded points based upon the three affordability criteria outlined below. These points shall be added to the baseline category score to determine the total priority score for the project.

(a) A median household income (MHI) score shall be derived based on the extent to which a community's MHI falls below the statewide average. Data used to determine the score shall be from the most recent decennial census or from verifiable estimates provided by the project sponsor. Household income data shall be representative of all areas to be served by the proposed project. The score is based on the following formula:

$$\text{MHI score} = 200 \times (1.00 - \text{MHI fraction})$$

Where the MHI fraction is the MHI estimate for the project service area divided by the statewide average MHI. This score shall not exceed a maximum of 100.0 points and shall be rounded to the nearest tenth of a point.

(b) Projects for small systems are generally less affordable than those for larger systems because of the limited rate base from which to recover costs. These systems also often have difficulty complying with the Act. Thus, special consideration will be given to such projects based on population. The population score is based on the following formula:

$$\text{Population score} = 50.0 - (P/1,000)$$

Where P is the population of the project's service area. The minimum score shall be 0.0 points and shall be rounded to the nearest 0.1 point.

(c) Because very small public water systems often experience difficulty complying with the regulatory requirements, a consolidation score will be used to reflect a project's consolidation or regionalization of such systems. For each project, which consolidates or regionalizes public water systems serving 500 or fewer persons, an additional 15 points for each such system will be awarded. However, the consolidation score shall not exceed 45 points regardless of the number or consolidated or regionalized systems.