
DRINKING WATER STATE REVOLVING
FUND
ANNUAL REPORT
SFY2023-2024
BIPARTISAN INFRASTRUCTURE LAW GENERAL
LEAD SERVICE LINE CAPITALIZATION GRANT
FUNDING

Submitted to the



**U.S. Environmental Protection Agency
Region IV**

By the



Florida Department of Environmental Protection

September 30, 2024

Table of Contents

EXECUTIVE SUMMARY.....	1
OVERVIEW OF FLORIDA’S DWSRF PROGRAM FOR SFY 2022	1
I. INTRODUCTION	1
II. GOALS AND ACCOMPLISHMENTS.....	2
A. Short Term Goals	2
B. Long-Term DWSRF Goals and Accomplishments.....	4
III. STATE REVOLVING FUND FINANCIAL INFORMATION	7
A. Sources of DWSRF Funds	7
B. Uses of DWSRF Funds	8
1. Binding Commitments for Projects	8
2. Set-Asides	8
IV. FINANCIAL SUMMARY	8
A. Status of Loans.....	8
B. Loan Disbursements/Cash Draw Proportionality	9
C. Set-Aside Disbursements (Excluding DWSRF Administration).....	9
D. Annual Repayment/Aging of Accounts	9
E. Loan Portfolio Analysis	9
F. Investments	9
G. Financial Statements.....	9
V. OPERATING AGREEMENT PROVISIONS AND CAPITALIZATION GRANT CONDITIONS	9
A. Provide a State Match	9
B. Binding Commitments within One Year	9
C. Equivalency and Cap Grant Projects	10
D. Expeditious Construction and Timely Disbursements	10
E. MBE/WBE Participation	10
F. Assurances of Compliance	10
G. State Environmental Review Process	11
H. EPA’s Annual Evaluation Comments.....	11

Table 1:	Lead Service Line Projects Funded in SFY 2024
Table 2:	Summary of Lead Service Line Revenues and Commitments
Table 3:	Lead Service Line Disbursements and Cash Balances
Table 4:	DWSRF Lead Service Fee Sub-Account By Fiscal Year
Table 5:	Lead Service Line Loan Decreases for SFY 2024

EXECUTIVE SUMMARY

The Florida Department of Environmental Protection (DEP) administers the Drinking Water State Revolving Fund (DWSRF) program in Florida in accordance with the Safe Drinking Water Act (SDWA), as amended in 1996, and Section 403.8532, Florida Statutes. The DEP's State Revolving Fund (SRF) Program carries out the daily program activities associated with this program.

The Federal Fiscal Year's (FFY) 2022 Bipartisan Infrastructure Law (BIL) Lead Service Line (LSL) Capitalization Grant totaling \$111,601,000 was received on September 21, 2023 and the FFY 2023 LSL Capitalization Grant, totaling \$254,788,000, on May 15, 2024.

A total of 2 projects executed assistance agreements during this reporting period. These projects are listed in **Table 1**. The outcome/output of binding commitments during the period totaled \$401,600. The total funding provided to disadvantaged communities during the period as principal forgiveness (grant), was \$196,784, or 49 percent of the net binding commitments.

Zero dollars have been disbursed during the reporting period and no Automated Clearinghouse House (ACHs) draws occurred.

An additional 30 projects have a loan agreement that are in the process of execution for a total \$205,157,148. Nine Sponsors have not yet submitted a loan application.

No revenue was received by the DWSRF during SFY 2024. As agreements are closed and repayment begins, these funds will be deposited into the revolving fund and will be included on the Base Capitalization Grant Annual Report.

No set-asides were requested from the FFY2022 or FFY2023 LSL Capitalization Grants.

The DWSRF uses charged service fees to cover administrative expenses.

OVERVIEW OF FLORIDA'S DWSRF LSL PROGRAM FOR SFY 2024

Total Source of Funds: \$366,389,000

Net Project Funding (Executed Assistance Agreements): \$401,600

Total Population Served (Executed Agreements): 13,816

Total Population Served (All Listed Projects): 7,602,671

Weighted Average Loan Interest Rate: 0 percent

Repayment Period for Standard Planning and Design Loans: 10 years

Repayment Period for Standard Planning and Design and Construction Loans: 10 years

Disadvantaged Systems Funded: 2

Set-Aside Assistance: \$0

Principal Forgiveness (grant) as a percentage of funds awarded: 49%

Principal Forgiveness (grant) as a percentage of all listed and awarded projects: 49%

I. INTRODUCTION

On January 15, 2021, the U.S. Environmental Protection Agency (EPA) published the finalized Lead and Copper Rule Revisions (LCRR). The new rule includes requirements for water systems to identify and make public the locations of all LSLs and to replace LSLs. A service line connects the water main to the building inlet. Service lines

of unknown material and galvanized service lines that are or were ever downstream of any lead or unknown service line are also considered LSLs.

On November 15, 2021, President Biden signed the Bipartisan Infrastructure Law (BIL). The BIL provides \$15 billion through the Drinking Water State Revolving Funds (DWSRFs) in the form of grants and loans to water systems for lead service line replacement (LSLR). Forty-nine percent of this funding must be provided to state-defined disadvantaged communities as grants or principal forgiveness loans. States are not required to provide matching funds.

The Florida Department of Environmental Protection (DEP) provides this comprehensive report to the public and the U.S. Environmental Protection Agency (EPA) Region IV to detail the activities undertaken to reach the goals and objectives set forth in the Intended Use Plans (IUPs) developed for SFY 2022 and SFY2023. This report documents the status of the program by describing the progress made toward short- and long-term program goals, the sources (e.g., federal grants) and uses (e.g., loans and grants) of the funds, the financial status of the DWSRF and compliance with federal DWSRF requirements.

This report is presented in five major sections. Section I of this report provides highlights of the program. Section II reports on the progress made toward reaching short- and long-term goals of the program. Section III provides details on loan and grants. Section IV provides an overview of financial conditions of the program. Finally, Section V reports on compliance with provisions of the federal Capitalization Grant agreement and the Operating Agreement. Additionally, Section V addresses the Program Evaluation Report for the period of July 1, 2023 through June 30, 2024.

II. GOALS AND ACCOMPLISHMENTS

DEP developed the following goals as part of the 2022 and 2023 IUPs. The short-term goals support the implementation of the program's long-term goals. The long-term goals provide a framework that guides management decisions for the DWSRF program.

A. Short Term Goals - Outputs

A description of the Program's short-term goals that were included in the 2022 and 2023 IUPs and the success in fulfilling the goals are as follows:

1. [Continue efforts to inform local water systems of the availability of LSLR funds and about the DWSRF program.](#)

Throughout SFY 2024, SRF staff routinely fielded LSL funding inquiries through telephone and virtual meetings with interested parties. Additionally, SRF staff attended and presented the SRF and funding sources at:

- Florida Water Resources Conference (May 31 through June 2, 2024)
- Florida Rural Water Association's Annual conference (July 31 through August 2, 2023)
- Water Well Contractor's Workgroup (October 19, 2023)
- Focus On Change conferences around the state (April 2 and 3, 2024)

The DWSRF attended the EPA Region IV annual meeting (July 18 through 20, 2024) and Council of Infrastructure Financing Authorities (CIFA) meetings in Oklahoma City (November 13 through 15, 2023) and Washington DC (April 1 through 5, 2024).

The DWSRF Program participated in a Funders Meeting on May 14, 2024, sponsored by Florida DEP's Division of Water Restoration Assistance, to discuss projects and updates among the various funding agencies and programs. These Funder Meetings provide an opportunity for various agencies to strengthen partnerships, share information and discuss ways to mutually assist communities in need. Participants of the Funders Meeting included representatives from the Clean Water State Revolving Fund (CWSRF) Program, DWSRF Program, DEP's Nonpoint Source Management Program, Department of Economic Opportunity, Florida Rural Water Association, the five regional water management districts, the Southeast Rural Community Assistance Project, and USDA Rural Development Rural Utilities Services. This activity will continue in SFY 2025.

DWSRF held priority list public meetings in July 2023, August 2023, November 2023, February 2024, and May 2024. The meetings in July 2023 and February 2024 were to present the corresponding State Fiscal Year (SFY) 2022 and SFY2023, respectively, Intended Use Plans for the BIL LSL Capitalization Grants as well as Priority Lists of DWSRF LSL projects. The other priority list meetings were to commit project funding.

2. [Provide guidance and information to local water systems on the DWSRF process and federal and state requirements.](#)

Throughout the SFY 2024, the DWSRF has continuously provided guidance to assistance recipients. Guidance includes a link to LSL funding on our website, providing the website for correct signage for BIL LSLR, explaining that only this funding allows SRF to fund private side replacement and the SRF process is streamlined so as not to hinder a recipient on completing the inventory by the deadline.

3. [Provide funding and support to local water systems to complete LSL inventories to comply with the LCRR. The LCRR requires systems to have initial LSL inventories by October 2024 \(Deliverable\).](#)

The task is ongoing, as the October 2024 deadline (Deliverable) approaches. The DEP has requested that a system that has not complete the inventory, submit the partially completed inventory and the Lead Service Line Replacement Plan (Deliverables) to the SRF by the deadline.

4. [Provide additional subsidization in the form of principal forgiveness to further support state-defined disadvantaged communities in complying with the LCRR.](#)

By making an exception to Chapter 62-552.300(2), Florida Administrative Code (F.A.C.), and allowing for the use of small and/or financially disadvantaged communities, along with identification of a disadvantaged area by using the EPA's Environmental Justice Screening and Mapping Tool, the DWSRF offered planning, design, and construction agreements with 49% additional subsidy (principal forgiveness).

5. [Implement the State's DWSRF in compliance with the Safe Drinking Water Act and to ensure conformance with Federal crosscutting requirements \(Deliverable\).](#)

The DWSRF LSL Program modified checklists to include a comprehensive federal environmental crosscutter checklist. This checklist includes notification and submittal of the facilities plan to the following agencies:

- U.S. Fish and Wildlife – Endangered Species Act
- DEP and Florida Department of Agriculture – Farmland Protection Act
- DEP – Federal Flood Risk Management Standard

- Florida State Historical Preservation Office – Archeological and Historic Preservation Act and National Historic Preservation Act
- Florida Wildlife Conservation Commission (FWC) – Endangered Species Act
- FWC and Water Management Districts (WMDs) – Magnuson-Stevens Fishery Conservation and Management Act
- WMDs – Sole-source Aquifers, Section 1424(e) Safe Drinking Water Act and Wild and Scenic Rivers Act
- DEP Office of Resilience and Coastal Protection (ORCP) – Coastal Barriers Act
- Florida Clearinghouse and DEP ORCP – Coastal Zone Management Act
- DEP – Clean Act Conformity and Wetland Protection

6. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

This short-term goal is met through the identification, removal, and replacement of lead service lines. Additionally, in the DWSRF Base and BIL General Supplemental program this short-term goal is achieved through funding of projects that protect the public health and environment and promote cost-effective water treatment, storage, and distribution facilities.

B. Long-Term DWSRF Goals and Accomplishments

There are 9 long-term goals described in the 2022 and 2023 IUPs. These goals are being addressed as follows:

1. Provide funding and support to local water systems in conducting LSL replacements.

To successfully implement the BIL LSL Capitalization Grants and to provide funding and support to local water systems, DWSRF, in accordance with Chapter 62-552.300(8), Florida Administrative Code (F.A.C.), the DWSRF made exceptions to the following rules:

- 62-552.300(1)(b) – Readiness-to-proceed criteria for the documentation to be timely submitted to compete for funding of planning, design, and construction (if requested) at a project priority list meeting.
- 62-552.300(1)(d) – Readiness-to-proceed deadline for the submittal and response to Department comments of documentation to appear on the project priority list.
- 62-552.300(2) – Allocations of principal forgiveness percentage based on loan agreement.
- 62-552.300(4)(e) – Minimum construction loan amount of \$75,000
- 62-552.300(4)(j) – Service connections on private property
- 62-552.300(6) – Interest rate calculations and minimum interest rate
- 62-552.430(8) – Loan term length
- 62-552.500 – Funds reserved for specific purposes.
- 62-552.680 – Environmental Review.
- J. 62-552.700(2) – Project Planning Documentation
- K. 62-552.700(3) – Plans and Specifications
- L. 62-552.700(4) – Site Certification

The exception to the readiness-to-proceed rules were made where requirements were not applicable to LSLR projects and to ensure eligible projects could compete for funding. Additionally, costs for planning, design, and construction were requested so as to best determine the use of the BIL LSL Capitalization

Grant funds. The listing of potential projects was based on the total use of funds for LSL inventory and replacement. This change places LSL projects as a priority and eliminates non-LSL projects for funding. The minimum construction loan amount of \$75,000 is waived to ensure funding can be available for LSL projects that may cost below this threshold. The ineligibility to perform work on private property is exempted so as to meet the intent of the BIL LSL Capitalization Grant. The exception to the minimum interest rate and allocations of principal forgiveness were done to both satisfy BIL LSL Capitalization Grant requirements and to make funding more accessible to water systems in recognition of both the costs and benefits to communities in completing LSL projects. Communities do not need to be small to be considered a disadvantaged community. By using the Climate & Economic Justice Screening Tool (CEJST) and identifying pockets of disadvantaged communities to be designated as disadvantaged and offered subsidization as the economic, social and environmental benefits of providing subsidization exceed the costs. The exception to the environmental review is done to minimize the onus on the water systems. As the LSL inventory work is to be conducted in areas that are already disturbed both in public right of way and the private side of the system, up to point of entry, the inventories would qualify for a Florida Categorical Exclusion.

The exception to the project planning documentation is the LSL inventory as required by the EPA and by the DEP Division of Water Resource Management would not meet the SRF requirements. Therefore, the documentation to be submitted as a facility plan would be a complete and approved initial LSL inventory and any notification(s) to property owners pertaining to lead being identified as affecting them. The exception to the plans and specifications is only for the conformance to the planning documentation. As the LSL inventory is system wide, a generic set of plans and specifications for lead service line replacement is to be submitted to SRF for review. The Sponsor and their engineer should be prepared to competitively bid out construction in accordance with 62-555.700(6).

As inventory work is to be conducted on private property, the site certification requirement will be adjusted so that the water system will be required to submit a site certification for the system within the right-of-ways as well as documentation that indicates they have gained or have attempted to gain access to the private portion of the project area. The DWSRF will implement the Build America Buy America Act (BABA) as stated in 41 USC 8301 for projects funded through DWSRF BIL LSL Capitalization Grant. BABA will be implemented for this fiscal year and be required for projects funded through the DWSRF. BABA is considered a federal cross-cutting requirement that applies to SRF assistance equivalent to the BIL LSL Capitalization Grant (i.e., “equivalency” projects). EPA’s SRF regulations at 40 CFR 35.3145 and 35.3575 require states and recipients of SRF funds equivalent to the amount of the Capitalization Grant to comply with federal cross-cutting requirements. Section 70914 of the IIJA, which states when a Buy America preference applies, explains that “none of the funds made available for a Federal financial assistance program for infrastructure may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.” Therefore, BABA only applies to projects funded in an amount equivalent to the federal Capitalization Grant.

2. [Manage BIL LSL Capitalization Grant funds to maximize support to communities in achieving compliance with the LCRR.](#)

The exception to the minimum interest rate and allocations of principal forgiveness were done to both satisfy BIL LSL Capitalization Grant requirements and to make funding more accessible to water systems in recognition of both the costs and benefits to communities in completing LSL projects. Communities do

not need to be small to be considered a disadvantaged community. By using the Climate & Economic Justice Screening Tool (CEJST) and identifying pockets of disadvantaged communities to be designated as disadvantaged and offered subsidization as the economic, social and environmental benefits of providing subsidization exceed the costs.

3. **Maintain the DWSRF program and the long-term fiscal integrity of the fund.**

When the BIL LSL Capitalization Grants end, the repayments will be revolved into the DWSRF Base program. Program administration costs will be funded by service fees, which can be up to 4 percent of the loan amount. Repayments are assured through security measures built into the loan agreements.

In addition to low interest loans, the DWSRF rules allow for up to 15 percent of the funds allocated each year to be used for grants to financially disadvantaged communities. These grants, however, are limited to a maximum of 35 percent of the Capitalization Grant for the year in which the funds are obligated. Loan repayments are assured through security measures contained in each agreement.

To assure the technical, managerial, and financial integrity of the program, the DEP continues to maintain a highly trained technical and administrative staff. As of June 30, 2024, the SRF Program had 22 employees assigned at least part time to the DWSRF program. This staff included three Professional Engineers, one part time engineer, three engineering specialists (all of whom are assigned full time), and the remaining employees are assigned part time to support the DWSRF. Staff reviewed project activities to assure compliance with the various program requirements.

All projects are monitored to ensure that the funds disbursed are being spent on the planning, administration, design or construction that is appropriate for the project. Interim and closeout inspections are conducted at the project Sponsor's facility to ensure that record keeping is adequate and that construction is within the scope of the facilities plan and approved plans and specifications.

4. **Provide a self-perpetuating source of financial assistance for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.**

When repayments of LSL funding begin, these funds will be deposited into the DWSRF revolving fund and made available to provide financial assistance for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.

5. **Fund projects which will have a positive impact on public health and ensure compliance with the SDWA.**

Each project funded with the LSL funding is designed to provide a positive impact on public health by providing the public with certainty that service lines from the water main are identified and that lead service lines are removed to provide safe drinking water to ensure compliance with the SDWA.

6. **Ensure that all construction projects receiving BIL LSL Capitalization Grant funds are in compliance with the Build America Buy America (BABA) Act passed by Congress in 2021, concurrently with the BIL (Deliverable).**

Each project funded with the BIL LSL Capitalization Grants is a Build America, Buy America (BABA) project. At this time, no Adjustment Period waivers, otherwise referred to as the Planning Design waiver, have been issued. Projects that proceed to replacement of identified LSLs will be required to follow BABA requirements, concurrently with the BIL.

7. Ensure that American Iron and Steel and Davis-Bacon Act wage rules apply to all assistance agreements made with funds appropriated under the BIL LSL Capitalization Grant (Deliverable)

Projects that proceed to replacement of identified LSLs will be required to follow American Iron and Steel and Davis-Bacon Act wage rules .

8. Make funds available from the FFY 2023-2024 Capitalization Grant for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

This long-term goal is met in the DWSRF Base and BIL General Supplemental programs.

9. Ensure clean and safe water for all communities by funding projects that prioritize safe drinking water and reliable water infrastructure and protect and restore waterbodies and watersheds by addressing sources of water pollution and projects that ensure water quality standards are protective of health and the environment.

The priority list is based upon specific procedures that can be found in Rule 62-552, Florida Administrative Code. As called for by Section 1452(b) of the SDWA, the priority list ranking system is designed so that the greatest priority is given to projects that:

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

DWSRF's priority system was developed under the guidance of a Technical Advisory Committee (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.

III. STATE REVOLVING FUND FINANCIAL INFORMATION

This section together with the tables provides a detailed discussion of the DWSRF LSL assistance activities during SFY 2024, details on the sources of funding in the DWSRF LSL program, the status of loan and grant activities, and the status of set-aside activities.

A. Sources of DWSRF Funds

Current source for the reporting period, as shown in **Table 2**, are \$111,601,000 and \$254,788,000 in LSL Capitalization Grants. No State match was required, no repayments were made, and there were no DWSRF investments.

In addition, there were no decreases to previously funded projects, as shown in **Table 5**.

B. Uses of DWSRF Funds

The total funds available for projects was \$366,389,000. This amount is based on the 2022-2023 and the 2023-2024 BIL LSL Capitalization Grants.

1. Binding Commitments for Projects

Table 1 provides details on the projects receiving assistance during SFY 2024.

As of June 30, 2024, 2 LSL assistance agreements had been executed with 2 project Sponsors.

A total of 19 Sponsors requested removal from either a SFY 2022-2023 or 2023-2024 priority list. A total of 63 Sponsors remains on a priority list and are eligible to receive funding upon execution of a loan agreement. A total of \$186,088,371 remains on the fundable portion of a priority list. Of these projects thirty are currently in process of receiving a binding agreement (\$205,157,148 of which \$100,527,002 is to be given as principal forgiveness).

Net assistance provided to public water systems for new projects, increases to existing projects, and preconstruction activities in SFY 2024 was \$401,600. The net assistance provided as loans totaled approximately \$401,600 and the total provided as principal forgiveness (grants) to communities was \$196,784 (49%). **Table 2** provides the cumulative totals for revenues and binding commitments since the inception of the LSL program.

Project Bypassing

To date, no project has been bypassed after being placed on the fundable list, and all projects that have completed the readiness to proceed requirements have been placed on the fundable list.

Disadvantaged Systems

Forty-nine percent of the funds available for obligation to projects in each funding cycle is reserved for principal forgiveness (grant). For this reporting period, the reserved funds totaled \$179,530,610.

The sum of the binding commitments made to disadvantaged systems during this reporting period was \$196,784 or 49 percent of the net binding commitments (\$401,600).

2. Set-Asides

No set-asides were taken from the 2022 or the 2023 BIL LSL Capitalization Grants.

IV. FINANCIAL SUMMARY

The following discussion provides additional details on the LSL financial management activities in the DWSRF.

A. Status of Loans

As of June 30, 2024, the DWSRF has closed a net of \$0 in LSL loans and grants during SFY 2024. **Table 2** provides a summary of the sources and uses of the DWSRF project funds since LSL program inception. **Table 1** shows the status of DWSRF LSL project assistance provided during this reporting period. Information provided includes the following: loan or grant amount, interest rate for loans and loan terms. The output/outcome delays are a result of the DWSRF determining the best way to execute agreements, market and present information related to the LSL funding and eligibilities, guidance from the EPA, and systems being unaware of the required submittal of lead service inventories, and preparation of guidance from the DEP regulatory programs.

B. Loan Disbursements/Cash Draw Proportionality

Table 3 lists LSL revolving fund end-of-fiscal year disbursements, cash draw totals and fund balances since the inception of the DWSRF LSL program. During SFY 2024, \$0 was disbursed to project Sponsors for payment of project costs pursuant to assistance agreements (**Table 4**).

No Capitalization Grant moneys were drawn from the Automated Clearing House (ACH) during SFY 2024 to reimburse the DWSRF for the Federal share of disbursements for project costs.

C. Set-Aside Disbursements

DWSRF did not take set-asides from the 2022-2023 or the 2023-2024 LSL Capitalization Grants.

D. Annual Repayment/Aging of Accounts

The DWSRF program has received \$0 in loan repayments and \$0 in service fees (**Table 4**) through the end of SFY 2024. When loan repayments begin, repayment information will be incorporated into the Base Capitalization Grant Annual Report.

E. Loan Portfolio Analysis

Florida assesses the financial condition of each project Sponsor before an agreement is executed. Sponsors that pose a potential risk are carefully tracked throughout the year to ensure that conditions are not deteriorating.

F. Investments

No interest was accrued on funds associated with LSLs funding.

G. Financial Statements

The DEP's Finance and Accounting office maintains the official accounting system. The Bureau of Budget and Planning and SRF work closely together with Finance and Accounting to assure that accounting records are complete and accurate. The Office of Budget and Grants will prepare the financial statements for SFY 2024 and submit them to EPA.

V. OPERATING AGREEMENT PROVISIONS AND CAPITALIZATION GRANT CONDITIONS

The State made a number of assurances in the IUPs and the Operating Agreement. The State also accepted certain conditions in the LSL Capitalization Grant agreements. Some of the more important assurances are discussed below.

A. Provide a State Match

No state match is required for the Lead Service Line Replacement Capitalization Grants.

B. Binding Commitments within One Year

Federal regulations require the State to make binding commitments in an amount equal to 100 percent of each quarterly Capitalization Grant payment within one year of the payment. Currently only two binding commitments (**Table 1**) have been executed. A total of 63 public water systems for a total of \$186,088,371 remains on the fundable portion of a priority list for 2022-2023 and 2023-2024. Of these projects thirty are currently in process of receiving a binding agreement in the amount of \$205,157,148.

The output/outcome delays are a result of the DWSRF determining the best way to enter agreements, market and spread information related to the LSL funding and eligibilities, guidance from the EPA, and systems being unaware of the required submittal of lead services, and preparation of guidance from the DEP regulatory programs.

C. Equivalency Projects

Equivalency Projects refer to drinking water projects that meet certain Title II requirements of the federal SDWA. The equivalency requirement is 49% of the LSL Capitalization Grant. For SFY 2023, the DEP designated all LSL projects as equivalency projects. All equivalency projects are required to have annual audits conducted under the Federal Single Audit Act. The equivalency projects are identified on **Table 1**, and the FFY associated with the project.

As indicated in the reports from the Federal database formally known as Project Benefits Reporting (PBR), Florida's DWSRF program has achieved compliance with the additional subsidization requirements and equivalency requirements through FFY 2023. Also, the DWSRF program is on track to achieve compliance with these requirements through FFY 2024, once the agreements for the projects listed at the SRF public meetings are executed.

D. Expeditious Construction and Timely Disbursements

To expeditiously identify and replace lead service lines, the DWSRF is offering public water systems an all-inclusive loan agreement with planning, design, and construction. The initial construction costs are limited to 10% of the sum of the planning and design costs. Each loan agreement is set to have a 4–5-year disbursement period, followed by a 10-year repayment period. The fixed repayment date is rarely revised to accommodate project delays and serves as incentive for timely construction of the project.

DEP generally authorizes disbursement requests within five calendar days of receipt. The State Comptroller typically issues checks or electronic fund transfers within seven calendar days of the DEP's authorization. Currently, \$0 has been disbursed for LSL projects (**Table 3**).

E. MBE/WBE Participation

The State agreed to an overall fair share goal of 10 percent minority business entity/women business entity (MBE/WBE) participation (5 percent MBE and 5 percent WBE) of the LSL Capitalization Grant used for making loans during the reporting period. Steps to encourage MBE/WBE participation were required for all the equivalency projects identified in **Table 1**. For SFY 2023, DWSRF had a total of \$0 in construction procurement for LSL Capitalization Grant monies.

In the Base/BIL General Supplemental DWSRF, \$16,606,620.91 of the total \$109,210,023, or 15.2% of funding was provided to MBE (12.67%) and WBE (2.54%). Please see that annual report for additional details.

F. Assurances of Compliance

Each recipient of DWSRF assistance has made the required assurances of compliance with applicable Federal requirements. Loan agreements include local government assurances of compliance as covenants that are subject to audit.

All loan and grant recipients must conduct annual audits for DEP review. Such audits must be conducted in accordance with the Federal Single Audit Act. After project completion, the loan recipient must have a separate

project specific audit conducted. In addition, the DEP has the option to conduct its own audit within three years of project closeout.

G. State Environmental Review Process

Environmental reviews, similar to reviews required for projects under the National Environmental Protection Act (NEPA), were conducted for the projects in accordance with the Rule 62-552.700(3), Florida Administrative Code. A categorical exclusion notice was published for each project. No Environmental Impact Statements were necessary as the work to be done is previously disturbed areas.

H. EPA's Annual Evaluation Comments

At the time of submittal of this Annual Report, recommendations have not been provided by EPA Region IV (R4) as part of the Program Evaluation Report (PER). DEP anticipates receipt of the PER on or before November 16, 2024.

Tables

Table 1: Lead Service Line Projects Funded in SFY 2024

Funding Number	Project Sponsor	Grant Amount	Loan Amount	Repayable Portion	Agreement or Amendment Date	Agree Type	Type of Funding	Small Comm.	Financially Disadvantage Assistance	Interest Rate	Number of Payments	Popul.	Additional. Subsid. Year (FFY)	Equivalency Year (FFY)
190310	Apalachicola	\$ 25,284	\$ 51,600	\$ 26,316	6/5/2024	P	L/G	Yes	Yes	0	20	4,500	2022 (BIL LSL)	2022 (BIL LSL)
642090	Orange City	\$ 171,500	\$ 350,000	\$ 178,500	5/16/2024	P	L/G	Yes	Yes	0	20	9,316	2022 (BIL LSL)	2022 (BIL LSL)
Totals		\$ 196,784	\$ 401,600	\$ 204,816										

Total Funding Loans	\$	401,600	
Total Funding for Grants (Principal Forgiveness)	\$	196,784	(including decreases to projects listed in Table 5)
Total Funding for Financially Disadvantaged Communities (Loans)	\$	401,600	
Total Funding for Disadvantaged Communities (Grants)	\$	196,784	
Disadvantaged Community Assistance as a percentage of funds available		49%	

** Codes for Assistance Type: C - new construction agreement; I - increase to construction agreement; P - new planning/design agreement; PI - increase to planning/design agreement.

Table 2: Summary of Lead Service Line Revenue and Commitments

State Fiscal Year	Cap Grant Totals	Total Set Asides	Funds in Cap Grant for Projects	Interest Income	Repayments (Principal and Interest Only)	State Match	Total Project Revenue	Net Assistance Agreements	Remaining Program Revenues
2023	\$ 111,601,000	\$ -	\$ 111,601,000	\$ -	\$ -	\$ -	\$ 111,601,000	\$ -	\$ 111,601,000
2024	\$ 254,788,000	\$ -	\$ 254,788,000	\$ -	\$ -	\$ -	\$ 254,788,000	\$ 401,600	\$ 254,386,400
Totals	\$ 366,389,000	\$ -	\$ 366,389,000	\$ -	\$ -	\$ -	\$ 366,389,000	\$ 401,600	\$ 365,987,400

Cumulative Available for Projects	\$366,389,000
Cumulative Obligations for Projects	\$401,600
Balance	\$365,987,400

* State Fiscal Year Priority List amount subject too change based on executed agreements and delistings.

Table 3: Lead Service Line Disbursements and Cash Balances

State Fiscal Year	Deposits Of State Money	ACH Draw Proj	Disbursed Proj	Int. Earned On Account	Repayment Deposits	Balance	Cum. Balance
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Table 4: Lead Service Line Service Fee Sub-Account by Fiscal Year

State Fiscal Year	Admin Draw	Disb SFs	Pmt SFs	Interest	Adm Chgs	Balance	Cum. Balance
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Table 5: Lead Service Line Loan Decreases for SFY 2024

Project Sponsor	Project Number	Small Comm.	Disadvantaged Community	Amendment Date	Loan Amount	Grant Amount	Total Decrease	
Total Decreases					\$	-	\$	-