
DRINKING WATER STATE REVOLVING FUND

INTENDED USE PLAN FOR THE
FFY2025-2026

DWSRF BASE PROGRAM CAPITALIZATION
GRANT AND INFRASTRUCTURE
INVESTMENT AND JOBS ACT GENERAL
SUPPLEMENTAL FUNDING, 2021

Submitted to the



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

By the



Florida Department of Environmental Protection

May 2025

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Amended

Original – May 2025

1. Introduction

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.

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.

To receive Base Program Capitalization Grant Funding and Investment Infrastructure and Jobs Act (IIJA), signed into law on November 15, 2021, General Supplemental Capitalization Grant, states must submit an Intended Use Plan (IUP) to the Environmental Protection Agency (EPA). Section 1452(b) of the Safe Drinking Water Act (SDWA) requires the states to prepare a plan identifying the intended uses of the funds in the SRF and describing how those uses support the goals of the State Revolving Fund (SRF). An IUP, meeting all requirements of Section 1452 of the SDWA and regulations, is required for EPA's approval of a grant award and release of awarded funds. The IUP must describe the use of a state's capitalization grants, 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 between the Clean Water State Revolving Fund (CWSRF) Program and any other monies deposited into the DWSRF. Public engagement is strongly encouraged during the state's solicitation stage to ensure an abundance of diverse applicants as the IUP is being developed.

President Biden signed the Infrastructure Investment and Jobs Act (IIJA), also referred to as the Investment Infrastructure and Jobs Act (IIJA), on November 15, 2021.

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 Base Program Capitalization Grant and the General Supplemental (GS) Capitalization Grant, provided through the Investment Infrastructure and Jobs Act (IIJA), 2021.

Base and IIJA GS Capitalization Grants Summary				
Federal Fiscal Year Grant	Grant Amount	Required Equivalency	Required Minimum Subsidization ; (26% Base; 49% IIJA GS)	Maximum Subsidization ; (26% Base; 49% IIJA GS)
FFY 2025-2026 Base				
FFY 2025-2026 IIJA GS	\$89,851,000.00	\$89,851,000.00	\$44,026,990.00	\$44,026,990.00

Total				
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2. Program Goals

Florida has set its short and long term goals of this IUP to align with EPA's strategic goals and objectives [FY 2022-2026 EPA Strategic Plan](#), specifically Goal #5, to Ensure Clean and Safe Water for all communities and Objective 5.1 to Ensure Safe Drinking water and Reliable Water Infrastructure. The Office of Water has identified specific measures that address the strategic goals and objectives outlined by EPA in its strategic plan. Additionally, the EPA Administrator's pillars are part of the short and long term goals of this IUP. A basis for each goal in this program IUP has been identified. These references ensure that all of the specific commitments made the State are properly correlated to the strategic goals objectives, and pillars of the Agency.

A. Short Term Goals

- A. Coordinate completion of set-aside work plans for each set-aside activity (Target Completion: Annually).
- B. Support the continuation of source water protection programs.
- C. Coordinate implementation of capacity development strategy with Public Water System Supervision (PWSS) staff (Continuing).
- D. Coordinate with Drinking Water Regulatory on assisting with the Lead and Copper Rule requirements for Florida's CWSs by developing and implementing a joint LSL Inventory Program.
- E. Continue the outreach activities to ensure that systems are aware of and understand DWSRF assistance options and the application process by presenting statewide workshop(s) to publicize the DWSRF program. (Target Completion: Annually).
- F. Target funding for infrastructure projects that make water systems more resilient to all threats – whether it is natural disasters, climate change, or threats such as bioterrorism and cyber-attacks – through presenting at Southeast Florida Utility Council (SEFLUC), Florida Water Resources Conference (FWRC) and other public forums where Florida's resiliency projects are discussed as well as coordinate with Florida's Resiliency Funding Program on possibly co-funding of projects.
- G. Maintain and improve a program database that integrates drinking water project data with program management data including the DWSRF Priority List.
- H. Assure that all funds 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 the Base Program capitalization and IIJA General Supplemental grants payment within 1 year after the receipt of such grant payment.
- I. Assure the technical, managerial, and financial (TMF) integrity of the SRF program by preventing waste, fraud, and abuse.
- J. Enter required data into the new EPA data system that has replaced the Projects Benefits Reporting (PBR) system and the Drinking Water National Information System (DWNIMS) to track drinking water projects and report quarterly to the EPA.
- K. To ensure the projects receiving any Federal funds are in compliance with the Build America Buy America (BABA) Act passed by Congress in 2021, concurrently with the IIJA.

- L. To ensure that American Iron & Steel (AIS) and Davis Bacon Act wage rules apply to all assistance agreements made with funds appropriated under the Base Program Capitalization and IJIA General Supplemental Capitalization Grants.
- M. To implement the State's DWSRF in compliance with the SDWA and to ensure conformance with Federal crosscutting requirements.
- N. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

B. Long Term Goals

- A. Maintain long-term financial integrity of the DWSRF program through the judicious use and management of its assets and by realizing an adequate rate of return. Also, the TMF integrity of the DWSRF program will be assured by preventing fraud, waste and abuse.
- B. To 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 SDWA.
- C. Strategically use the DWSRF set-aside funds in coordination with the program loans to maximize the DWSRF loan account's impact on achieving affordable compliance and public health protection.
- D. 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
- E. Promote the development of the TMF capability of all public water systems to maintain or come into compliance with state drinking water and federal SDWA requirements.
- F. 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.
- G. Ensure a safe and adequate drinking water supply for the small communities in Florida by maximizing the small community participation in the DWSRF program.
- H. Ensure safe drinking water and reliable water infrastructure by providing funding for projects that ensure compliance with drinking water national primary drinking water rules or return systems to compliance.
- I. Fund projects which will have a positive impact on public health and ensure compliance with the SDWA.
- J. 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 and protective of the health and needs of all people, environment, and ecosystems.
- K. 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)).
- L. 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.
- M. Provide drinking water assistance in an orderly and environmentally sound manner.
- N. Ensure applicable DWSRF projects are in compliance with the Federal Davis-Bacon Act, AIS requirements, and the BABA requirements.

- O. Make funds available from the FFY 2024-2025 Base Program Capitalization and IIJA General supplemental grants for projects to address infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

3. Program Changes

To successfully implement the Base Program Capitalization Grant and IIJA General Supplemental Grant, no changes to the rules of the program was made.

Additionally, DWSRF will continue implementing BABA as stated in 41 USC 8301 for projects funded through both the Base Program Capitalization Grant and the IIJA General Supplemental 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 Base Program Capitalization and IIJA General Supplemental Capitalization Grant (i.e., “equivalency” projects). EPA’s SRF regulations 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 Infrastructure Investment and Jobs Act (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 grants.

4. SRF Data System

The DWSRF will enter required data into the Office of Water State Revolving Funds (OWSFR) database to track drinking water projects and report no less than quarterly to the EPA.

5. Coordination with State Drinking Water Enforcement Agency

The DWSRF will coordinate with funding priorities with the Division of Water Resource Management, the state drinking water enforcement agency. Set-asides for the Division of Water Resource Management are requested as part of the IIJA General Supplemental Grant as indicated in **Section 11** and further described in **Section 25**.

6. Operating Agreement

The DWSRF shall comply with all of the requirements of the DWSRF Operating Agreement made with EPA dated April 1998, including the assurances contained therein. The Operating Agreement is incorporated by reference. The DWSRF is currently in the process of updating the Operating Agreement.

The State agrees to comply with all Title VI requirements of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973.

Additionally, the DWSRF Operating Agreement is in revision for updates and will be complied with once approved by the EPA and the FDEP.

7. Capacity Development and Operator Certification

The DWSRF will continue to demonstrate compliance with the capacity development authority, capacity development strategy, and operator certification program provisions as described in **Section 25**.

8. Public Notice and Public Meetings

To ensure interested parties were made aware of the public meeting, notice of the public meeting for the DWSRF project priority list adoption and DWSRF Base Program and IIJA General Supplemental project list was published in the Florida Administrative Register, Volume 50, Number 141, on July 19, 2024 (**Attachment A**).

To ensure interested parties were made aware of the public meeting, notice of the public meeting for the DWSRF project priority list adoption and DWSRF EC project list was published in the Florida Administrative Register, Volume 51, Number 11, on January 16, 2025 (**Attachment A**). To ensure the public has an opportunity to review a draft version of the Intended Use Plan for EC was presented to the public at least one week prior to February 12, 2025, public meeting. During the public meetings, DWSRF presented and discussed the draft Base and IIJA General Supplemental IUP. The public comment period was open for 30 days following the public meeting, and no additional comments were received (**Attachment B**).

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 2025-2026 funds.

9. Public Health Outputs

DWSRF will continue to assist public health outputs as described in this Intended Use Plan for use of FFY 2025-2026 Base and IIJA General Supplemental Capitalization Grants and funded from set-asides from the Unliquidated Obligations taken in previous years as described in **Section 11** and **Section 25**.

10. Program Evaluation Report

DWSRF anticipates receiving and responding to Program Evaluation Report (PER) and audit findings for FFY 2024-2025 funding in calendar year 2026, during and following the Annual Review.

11. Sources and Use of the Funds

DWSRF is anticipating funding projects using the FFY 2025-2026 Base Program Capitalization Grant and the IIJA General Supplemental Capitalization Grant.

The required state match was approved by the Florida Legislature in the SFY 2025-2026 legislative session and associated legislative budget requests. The DWSRF anticipates using state funds in the amount of 20% of the sum Base Capitalization Grant and IIJA General Supplemental Capitalization Grant for the state match as appropriated.

Other sources of funds include loan repayments of principal and interest, interest on SRF fund cash balances, Service Fees, and fund balances carried forward from FFY 2024-2025.

If additional funds become available or deobligated, the DWSRF will distribute them through standard DWSRF methods at the next available Project Priority List meeting held quarterly.

No funds from the Base Program Capitalization Grant or the IIJA General Supplemental Capitalization Grant will be recaptured through investment earnings or service fees.

The Florida DWSRF SFY 2024-2025 project priority listing is included in **Attachment C**. A summary of the outcomes and outputs for the use of the funds to meet equivalency and subsidy requirements is summarized below:

Base Capitalization Grant Equivalency Projects		
Project Sponsor	Project Number	SRF Loan Amount
Lake Wales	5303B	\$378,323.00
Groveland	35062	\$4,500,000.00
Lake Hamilton	53165	\$14,000,000.00
Alligator Point Water Resources District	19080	\$1,700,000.00
Total Equivalency for FFY2025-2026		\$20,578,323.00
Total Equivalency Required for FFY2025-2026 Base Capitalization Grant		

IIJA General Supplemental Capitalization Grant Equivalency Projects		
Project Sponsor	Project Number	SRF Loan Amount
Perry	62026	\$420,825.00
Tavares	35098	\$4,030,835.00
Florida Governmental Utility Authority (FGUA) – Lehigh Acres	36072	18,060,000.00
Trenton	21011	\$300,000.00
FGUA – Plantation Bay	18100	\$3,500,000.00
Sanford	5901B	\$3,638,751.00
Ozello Water Association	09071	\$445,454.00
Orange City	64207	\$2,704,400.00
Newberry	01081	5,351,190.00
Homosassa Special Water District	09060	\$300,000.000
Crestview	46075	\$9,502,400.00

IIJA General Supplemental Capitalization Grant Equivalency Projects		
Project Sponsor	Project Number	SRF Loan Amount
Sarasota	58025	\$30,000,000.00
Walton Okaloosa Santa Rosa Regional Utility Authority (Holt Water Works, Inc.)	46032	\$318,613.00
Golf	50152	\$2,365,000.00
Wingate Reserve Homeowners	05160	\$425,000.00
Orange Park	10011	\$148,000.00
Wellington	50160	\$6,914,402.00
Tequesta	50270	\$5,745,500.00
Gateway Services District	3604G	\$13,924,800.00
Total Equivalency for FFY2025-2026		\$108,095,170.00
Total Equivalency Required for FFY2025-2026 IIJA General Supplemental Capitalization Grant		\$89,851,000.00

Base Capitalization Grant Subsidy Projects			
Project Sponsor	Project Number	SRF Loan Amount	Subsidy Amount
Sarasota*	58025	\$30,000,000.00	\$4,372,940.00
Total Subsidy for Projects Listed (27.1%)			\$4,372,940.00
Minimum Subsidy Amount for FFY2025-2026 Base Capitalization Grant (26%)			
Maximum Subsidy Amount for FFY2025-2026 Base Capitalization Grant (49%)			

*Subsidy for the project of Sarasota (\$6,000,000) will be split between Base (\$4,372,940) and IIJA General Supplemental (\$1,627,060) Capitalization Grants.

IIJA General Supplemental Capitalization Grant Subsidy Projects			
Project Sponsor	Project Number	SRF Loan Amount	Subsidy Amount
Sarasota*	58025	\$30,000,000.00	\$1,627,060.00
Fort Myers	36048	\$30,000,000.00	\$9,348,119.00
Century	17034	\$150,000.00	\$75,000.00
Lake Hamilton	53165	\$14,000,000.00	\$12,600,000.00
Ozello Water Association	09071	\$445,454.00	\$222,727.00
Alligator Point Water Resources District	19080	\$1,700,000.00	\$1,013,200.00
Waccasassa Water and Sewer Cooperative	38120	\$400,000.00	\$200,000.00
Orange City	64207	\$2,704,400.00	\$540,879.00
Bay County	0302J	\$14,000,000.00	\$2,800,000.00
Polk Regional Water Cooperative	53200	\$14,000,000.00	\$2,456,153.00
Homosassa Special Water District	09060	\$300,000.00	\$150,000.00
Crestview	46075	\$9,502,400.00	\$1,900,480.00
Walton Okaloosa Santa Rosa Regional Utility Authority	46032	\$318,613.00	\$257,950.00
Orange Park	10011	\$148,000.00	\$74,000.00
Total Subsidy for Projects Listed (49%)			33,265,568
Subsidy Amount Required for FFY2025-2026 IIJA General Supplemental Capitalization Grant (49%)			\$44,026,990.00

*Subsidy for the project of Sarasota (\$6,000,000) will be split between Base (\$4,372,940) and IIJA General Supplemental (\$1,627,060) Capitalization Grants

At the time of this IUP, Florida has Unliquidated Obligations (ULO) related to the Base Capitalization Grant and the IIJA General Supplemental Capitalization Grant. The ULOs are as follows:

UNLIQUIDATED OBLIGATIONS	
Capitalization Grant	Amount
EPA FFY2024 DWSRF IIJA General Supplemental Capitalization Grant	\$1,252,789.00
EPA FFY2023 DWSRF IIJA General Supplemental Capitalization Grant	\$5,769,140.00
EPA FFY2022 DWSRF IIJA General Supplemental Capitalization Grant	\$2,328,634.75
EPA FFY2022 DWSRF Base Program Capitalization Grant	\$1,382,558.19
EPA FFY2021 DWSRF Base Program Capitalization Grant	\$759,455.00
EPA FFY2020 DWSRF Base Program Capitalization Grant	\$646,719.51
Total Unliquidated Obligations	\$12,139,296.45

The DWSRF intends to expeditiously obligate the remaining Base Capitalization Grant ULOs and is waiting on confirmation from the Division of Water Resource Management on projects that were or are to be completed to spend down the ULOs.

12. Cash Draw

Attachment D provides the “Automated Clearing House” payment schedule for FFY 2025-2026 funding and identifies the timing of the cash outlays by the Federal government. The anticipated cash draw is for 25% of the Base Program Capitalization Grant and IIJA General Supplemental Grant on a quarterly basis starting in Quarter 1 of FFY 2025-2026. FDEP agrees to deposit into the SRF from state moneys an amount equaling twenty percent of the amount of each grant payment on, or before, the date on which the state receives each payment for the grant award.

13. Loan Agreements and Binding Commitments

DWSRF will assure funds are expended in an timely and expeditious manner, by executing loan agreements and binding commitments (as described in **Section 25**) in an amount equal to not less than 100 percent of the amount of each the Base Program Capitalization Grant and the IIJA General Supplemental Capitalization Grant payment within 1 year after the receipt of such capitalization grant payment.

14. Assistance, Terms, and Fees

The assistance to be provided by both the Base Program General Capitalization Grant and the IIJA General Supplemental Capitalization Grant is through loan agreements with subsidization for planning, design, and construction. The funding will be provided as a planning, design, planning & design, or construction loan agreement.

The term of planning and design loan agreements is 10 years and a construction loan agreement is 20 years, with an option for 30 years for unique circumstances.

Each loan agreement has a minimum 0.2% interest rate. The interest rate for loan agreements is based on the Bond Buyer 20 GO Index for the prior quarter and discounted based on median household income. Additional interest rate discounts are given for implementation of an Asset Management Plan, American Iron & Steel and Davis-Bacon, if at least 25% of the project qualifies as water conservation, and if at least 25% of the project qualifies as an alternative water supply.

A loan service fee, currently 2%, of the total loan amount less the portion of the loan for capitalized interest and is not included in the principal of the loan is assessed on each loan agreement.

The fundable project priority list for the funds and waiting list, and currently the comprehensive list, is included as **Attachment C**.

15. Transfer of Funds

DWSRF does not anticipate a need to transfer funds to Clean Water State Revolving Fund (CWSRF); however, DWSRF does reserve the right to in the future as needed.

16. Cross-Collateralization

DWSRF funds will not be used for debt security. There is no cross-collateralization of programs.

17. Selection of Projects

DWSRF is anticipating funding FFY 2025-2026 projects using the Base Program Capitalization Grant and the IIJA General Supplemental Capitalization Grant. A state match of 20% is required as part of the Base Program Capitalization Grant and the IIJA General Supplemental Capitalization Grant.

For the Base Program Capitalization Grant, a congressional mandatory 14% must be provided as subsidization to eligible recipients. Also, an additional subsidization between \$2,018,280 to \$5,886,650 must be provided to disadvantaged communities. Therefore, a minimum of \$4,372,940 to a maximum of \$8,251,310 must be given out as subsidization from the Base Program Capitalization Grant.

For the IIJA General Supplemental Capitalization Grant, a mandatory 49% (\$44,026,990) must be provided as subsidization to eligible recipients.

The additional subsidization will be conducted in accordance with the definition of state-defined disadvantaged communities and rule for determining the additional subsidization. The State definition of a small community is a municipality or unincorporated community or other identifiable entity with a total service area population of less than 10,000. A financially disadvantaged community is defined as a municipality, county or agency (such as a county-wide department) thereof, franchised area, or other entity with a defined public water system service jurisdiction having a median household income of less than the statewide average. After providing subsidization to the small and financially disadvantaged communities, should subsidization remain available, financial disadvantaged communities can receive up to 20% subsidization for construction projects.

A summary at of the subsidization to be provided and the requirements is located in **Section 11**.

Both federal and state law require a project priority ranking system be developed to determine the priority order of projects to be funded through the DWSRF program. As called for by Section 1452(b) of the SDWA, the 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)

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.

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 **Attachment E** and is summarized below:

A. 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 maximum contaminant level (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 (Compliance-1 and 2). 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.

B. Bonus Categories

Affordability. Up to 75 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.

Projects are identified by systems through a Request for Inclusion (RFI) submittal process. Once an RFI form is received and the project is determined to be ready to proceed, the sponsor's project is placed on a comprehensive list of projects. FDEP project engineers review the RFI 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.

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.

Unreserved funds are assigned to projects in priority score order until the funds are exhausted. Projects for which funding is not available and projects that are incompletely funded are placed on the waiting list for consideration in future years.

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 or the project fails to progress in a timely manner it is subject to bypassing at a subsequent project priority list hearing, up to the amount of funds available.

The fundable project priority list for the SFY 2024-2025 funds and waiting list, currently also the comprehensive list, is included as **Attachment C**.

18. Project Description

A brief project description for each selected project is presented on the Project Priority List in **Attachment C**.

19. Green Project Reserve

The State agrees that the funds provided by both the Base Program Capitalization Grant and the IJJA General Supplemental Capitalization Grant may, at the discretion of the State, be used for projects to address infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

20. Equivalency Projects

As a 20% state match is required for both the Base Program Capitalization Grant and the IJJA General Supplemental Capitalization Grant, the appropriation for each of the projects listed on the Project Priority List (**Attachment C**) and shown in **Section 11**.

Additionally, DWSRF will implement BABA as stated in 41 USC 8301 for projects funded through Base and IJJA General Supplemental Capitalization Grants. BABA will be implemented for this fiscal year and be required for projects funded through the DWSRF. 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 Base Program Capitalization Grant and the IIJA General Supplemental Capitalization Grant.

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.

21. Bypass Procedure

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 or the project fails to progress in a timely manner it is subject to bypassing at a subsequent project priority list hearing, up to the amount of funds available.

22. Emergency Funding

Emergency Projects are considered a public health hazard and receive higher priority rankings and rank higher on the project priority list.

23. Amending the Project Priority List

DWSRF will continuously amend the project priority list through the course of the year. DWSRF anticipates amending the project priority list on no less than a quarterly basis. Amending the project priority list will be conducted through public noticing and public meetings. As more RFIs are submitted, readjustment of funding may be conducted. Should projects not move forward expeditiously DWSRF will utilize the bypass procedure to elevate projects from the waiting list to the fundable list to ensure the Base Program Capitalization Grant and the IIJA General Supplemental Capitalization Grant are utilized expeditiously.

24. Disadvantaged Communities

For the Base Program Capitalization Grant, a congressional mandatory 14% (\$2,354,660) must be provided as subsidization to eligible recipients. Also, an additional subsidization between \$2,018,280 to \$5,886,650 must be provided to disadvantaged communities. Therefore, a minimum of \$4,372,940 to a maximum of \$8,241,310 must be given out as subsidization from the Base Program Capitalization Grant.

For the IIJA General Supplemental Capitalization Grant, a mandatory 49% (\$44,026,990) must be provided as subsidization to eligible recipients.

The State definition of a small community is a municipality or unincorporated community or other identifiable entity with a total service area population of less than 10,000. A financially disadvantaged

community is defined as a municipality, county or agency (such as a county-wide department) thereof, franchised area, or other entity with a defined public water system service jurisdiction having a median household income of less than the statewide average.

Should subsidization remain available, communities serving a population of 25,000 or less will receive subsidization.

DWSRF will prioritize the small disadvantaged communities to utilize the Base and IIJA General Supplemental Capitalization Grant by utilizing the additional bonus points in the priority ranking system. The bonus points are calculated as follows:

Median Household Income (MHI) Score:

$$\text{MHI Score} = 100 \times \left(1.00 - \frac{\text{MHI of the Service Area}}{\text{Statewide MHI}} \right)$$

Population Score:

$$\text{Population Score} = 50 - \left(\frac{\text{Population of the Service Area}}{200} \right)$$

Affordability Score:

$$\text{Affordability Score} = \text{MHI Score} + \text{Population Score}$$

The MHI Score shall not be greater than 75 points or less than zero points and be rounded to the nearest whole number. The Population Score shall not be less than zero and rounded to the nearest whole number.

25. Set-Asides

DWSRF does not intend to take set-asides from the Base Program Capitalization Grant or the IIJA General Supplemental Capitalization Grant.

A. Administration and Technical Assistance - Category DD

DWSRF does not intend to take set-asides for administration of the DWSRF.

B. Small Systems Technical Assistance – Category DE

DWSRF does not intend to take set-asides for small systems technical assistance.

C. State Program Management – Category DF

DWSRF does not intend to take set-asides for state program management.

D. Local Assistance and Other State Programs – Category DG

DWSRF does not intend to take set-asides for local assistance and other state programs.

ATTACHMENT D
AUTOMATED CLEARINGHOUSE SCHEDULE

ATTACHMENT D

ATTACHMENT D: AUTOMATED CLEARING HOUSE PAYMENT SCHEUDLE AND CASH DRAWS					
FFY 2025-2026 BASE PROGRAM CAPITALIZATION GRANT AND IIJA GENERAL SUPPLEMENTAL GRANT AUTOMATED CLEARING HOUSE (ACH), PAYMENT SCHEDULE AND CASH DRAWS					
	FFY 2025- 2026 QTR 1/ SFY2025- 2026 QTR 2	FFY 2025- 2026 QTR 2/ SFY2025- 2026 QTR 3	FFY 2025- 2026 QTR 3 / SFY2025- 2026 QTR 4	FFY 2024- 2025 QTR 4/ SFY2026- 2027 QTR 1	TOTAL*
ACH PAYMENT SCHEDULE – BASE PROGRAM CAPITALIZATION GRANT	\$4,204,750	\$4,204,750	\$4,204,750	\$4,204,750	\$16,819,000
ACH PAYMENT SCHEDULE – IIJA GENERAL SUPPLEMENTAL CAPITALIZATION GRANT	\$22,462,750	\$22,462,750	\$22,462,750	\$22,462,750	\$89,851,000
CASH DRAW SCHEDULE FOR PROJECTS – BASE PROGRAM CAPITALIZATION GRANT	\$4,204,750	\$4,204,750	\$4,204,750	\$4,204,750	\$16,819,000
CASH DRAW SCHEDULE FOR PROJECTS – IIJA GENERAL SUPPLEMENTAL CAPITALIZATION GRANT	\$22,462,750	\$22,462,750	\$22,462,750	\$22,462,750	\$89,851,000

*State match is required for Base Program Capitalization (20%) and the IIJA General Supplemental Capitalization Grant (20%).

ATTACHMENT C
PROJECT PRIORITY LIST

Attachment A - Notice of Public Meetings

Attachment B - Public Comments



Written Comments and Responses Received Related to the Intended Use Plan

Comment #	Party	Comment	State Response

ATTACHMENT E – Complete Priority System