



## Florida Drinking Water State Revolving Fund Program

### SUMMARY OF RULE CHANGES CHAPTER 62-552, F.A.C.

The Florida Department of Environmental Protection's Drinking Water State Revolving Fund (DWSRF) Program is announcing important rule-changes to Chapter 62-552 of the Florida Administrative Code (F.A.C.) for the DWSRF Program effective 7/17/2017.

Rule changes include:

#### ➤ IMPROVEMENTS TO THE GRANT PROGRAM

- The existence of a public health risk will no longer be required to receive grant funding. Instead, all financially disadvantaged communities, [defined as having a Median Household Income (MHI) less than the Statewide MHI] with a service area population of less than 10,000 will be eligible to compete for available grant funds based on priority score. Communities with a service area population of 10,000 or greater will be eligible to compete for a 20% grant if funds are available after funding all eligible financially disadvantaged small communities. This will make grant funds available to a wider range of projects and project sponsors and will allow water system owners to be more proactive in correcting problems, rather than waiting for a violation to make their projects eligible for grant funding.
- Project sponsors will no longer be limited to one grant per lifetime, but instead be limited to one open grant at a time.
- Construction grant percentages will be based on MHI and population using a linear equation, with a minimum of 20% and a maximum of 90% grants. Grant percentages for planning and/or design loans will be limited to 50% of invoiced costs for financially disadvantaged small community systems only. Technical services during construction of up to 5% of construction costs are eligible for grant funding. Technical services above 5% are eligible for loan only.
- A project sponsor that does not otherwise qualify as a financially disadvantaged small community is eligible for a grant if connecting a financially disadvantaged community that has less than 250 residential private wells or that has an existing public water system with less than 250 service connections. Also, a project sponsor that owns and operates a separate, non-interconnected, public water system that qualifies as a financially disadvantaged small community, is eligible for up to a 50% grant for that system.

➤ INCREASED CONSISTENCY WITH THE CLEAN WATER SRF PROGRAM

- The allowance system for reimbursement of planning, design, and administrative costs, that calculates the allowance amounts based on as-bid costs, will be eliminated. The new rule allows planning loans and/or design loans that are reimbursed based on invoiced cost.
- Each fiscal year, a priority list adoption meeting is held on the second Wednesday of August for obligating funding for eligible projects. Any remaining funds will be obligated at quarterly priority list management meetings thereafter until funds are exhausted. All documents must be received 45 days prior to each public listing meeting to guarantee being considered.
- Interest rate reductions are offered to incentivize water and energy conservation projects and the use of asset management plans.
- Asset management plans will be an eligible cost.
- The removal of projects from the priority list that do not meet the deadlines for submittal of a complete application or execution of a loan agreement will be allowed.
- The contingency list will be replaced by a waiting list and projects to be placed on the fundable and waiting lists will be limited when sufficient funds are not available to fund all projects.
- The new rule clarifies the audit language required for those projects that receive federal funds and for those projects that receive state funds.
- A Project Revision Memorandum will be permitted if the selected alternative is modified but does not change the environmental effects.
- The new rule adds limitations on self-performed work associated with construction manager at risk contracts.
- Interest rate reductions will be available for projects that include requirements for Davis Bacon wage rates and/or the use of American Iron & Steel (AIS) products.
- The Department will consider a request for an exception to the requirements of the SRF rules if the exception does not conflict with state or federal law or federal regulations.

➤ **GENERAL IMPROVEMENTS**

- Instead of fixing the interest rate for all loans at 60% of the market rate, the interest rate for each sponsor will be based on MHI using a linear equation with a minimum of 35% and a maximum of 75% of the market rate.
- A new simplified Request for Inclusion (RFI) form will be used under the new rule.
- Technical services for test wells, water quality testing, soil and hydrogeological testing, geotechnical evaluations, pilot studies, archaeological surveys, land surveys, and any other technical service deemed necessary for the planning and design of a project will be eligible for DWSRF funding.
- Costs associated with the implementation of a qualifying conservation project will also be eligible for DWSRF funding.
- Additional debt coverage for non-governmental sponsors will be required to secure loans.

**For more information, please contact:  
Shanin Speas-Frost, DWSRF Program Administrator**

**850-245-2991 • [Shanin.SpeasFrost@dep.state.fl.us](mailto:Shanin.SpeasFrost@dep.state.fl.us)**

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