June 10, 2026

Mr. John Coates
Division of Water Resource Management
Florida Department of Environmental Protection

RE: **Southwest Environmental Comments on Draft Rule Chapter 62-332, F.A.C. — Water Quality Enhancement Areas**

Dear Mr. Coates:

> **Southwest Environmental is a Florida-based environmental construction and restoration company. We build things.**

Wetland systems, flow way restorations, mitigation banks, water quality treatment projects — executed in the field with our own crews and equipment. Our roots trace directly to Southwest AG Service, and the leadership of this company has been involved in mitigation banking since the earliest days of the program in Florida. We have built mitigation banks from raw land through permitting, construction, and long-term stewardship. We know just how hard and expensive it is to bring a credit-generating environmental asset to market.

Our owners and business are based in the Caloosahatchee watershed. They have watched the estuary struggle year after year, algae blooms kill seagrass beds that took decades to establish, and the speed of development has outpaced improvements, exacerbating conditions. The spending of billions of dollars over a very long, and slow implementation period on restoration projects that — despite real progress — has simply been expensive, slow, and insufficient. The water bodies across this watershed continue to degrade. The problems are too large, the funding too constrained, and the pace of public investment too slow. Water Quality Enhancement Areas finally represent something different: a mechanism to put private money and expertise to work on water quality at a scale and speed that government spending alone cannot achieve. We believe in this program. These comments are offered to help FDEP build a rule that allows it to work.

01

The HUC-8 service area established in SB 848 (2026) is the financial structure that a WQEA project must have. We have been through the process of acquiring land, working with landowners to bring them to the table as partners to commit their capital and ours to mitigation bank development. The first question any landowner wants to know is “What is this worth? Does it compare to just a conservation easement?" The answer is significantly reliant on where the bank can sell- the service area. As landowners and business owners who have been in this area for years, many raising our families, we'd much rather see a restoration activity occur on the landscape then just a basic conservation easement placed that may never see any restoration. The value of just a conservation is nice in that it limits future development, but it does nothing for protecting and restoring our watershed. The service area drives the credit demand. A large, well-defined service area supports project financing and allows for land to be restored with intent for water quality improvements. A restricted service area undermines the goals.

The May 2026 draft rule did not fully implement the HUC-8 service area as the Legislature enacted it. Any rule-imposed restriction that narrows that boundary, or other conditions the Legislature did not authorize, directly shrinks credit demand and reduces the number of projects that can be financed and built. The Legislature made a deliberate choice when it tied WQEA service areas to HUC-8 watersheds. The rule should honor that choice without modification.

02

We are builders, and we know the difference between a regulatory methodology that works in the field and one that works only on paper. The proposed Location Factor and Variability Factor depend on watershed-specific datasets that do not exist at usable resolution across Florida. A methodology that produces reliable results using available, reliable public data produces rigor, not the inconsistent results that lack of data provides. Uneven and unpredictable outcomes keep landowners from committing their land and limits investment.

Florida's wetland mitigation framework already uses a Proximity Factor approach that is transparent, consistent, and understood across the state. FDEP should adopt an equivalent methodology for WQEAs. A workable geographic adjustment that can be applied uniformly will produce predictable and consistent results and investment.

03

Southwest Environmental builds projects that go through Florida's regulatory process. We understand compliance burden from the project side. The current draft rule imposes substantially greater compliance requirements on WQEAs than on Regional Stormwater Management Systems (RSMS). SB848 intended for these compensatory treatment systems to be equivalent options for buyers.

We have listened to all of the workshops and read the rulemaking drafts and have not received the justification from DEP as to why disparity exists between these two, especially when there is clearly strong performance guarantees tied to a WQEA as seen in the legislation that has been passed. Both project types treat stormwater to reduce nutrient loads. When FDEP applies lighter requirements to one and heavier requirements to the other, the market response is easily predicted: like water, investment follows the path of least resistance, and the draft rule has provided greater resistance for WQEAs. The consequence is not just a smaller WQEA market — it is lost opportunity to direct private resources toward the landscape-scale water quality improvements this program was designed to generate and what the state needs. FDEP should hold WQEAs and RSMS projects to equivalent standards where they deliver equivalent outcomes.

The state has spent billions on the Caloosahatchee, Lake Okeechobee, and South Florida's broader water system. The investment has produced some real results — and it has not been enough. Water Quality Enhancement Areas offer what public funding cannot: a structure that mobilizes private funding toward water quality at pace and scale not seen in Florida before. Southwest Environmental has the crews, equipment, landowner relationships, and experience to build these projects. We are ready.

Three things will determine whether this program delivers: a service area faithful to the statute, a credit quantification methodology that works in the field, and regulatory standards that apply consistently across equivalent compensatory stormwater treatment programs. We urge FDEP to address each of them in the next draft.

Thank you for the opportunity to comment.

Respectfully submitted,

Tifton K Holt, President
Southwest Ag Environmental, LLC d/b/a Southwest Environmental Group

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