



Ask Me Anything: Federal Award Compliance

July 2, 2025



About Us

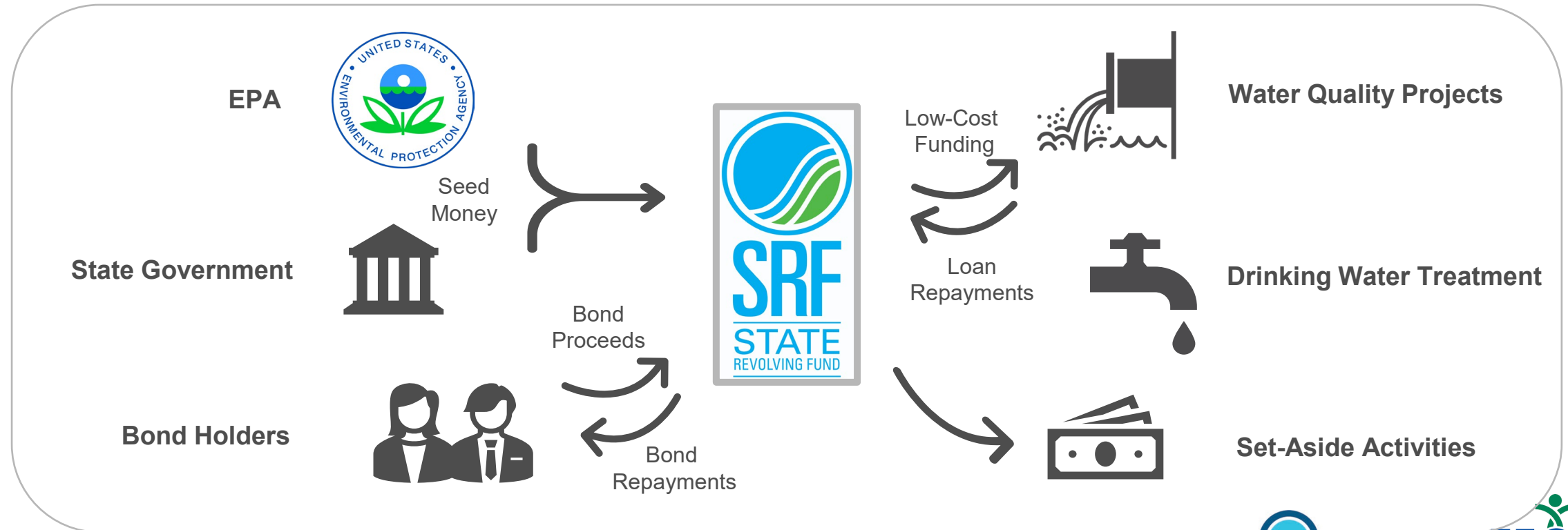
The **Environmental Finance Center Network (EFCN)** is a university- and non-profit-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and water infrastructure.

The EFCN works collectively and as individual centers to address these issues across the entire U.S, including the 5 territories and the Navajo Nation. The EFCN aims to assist public and private sectors through training, direct professional assistance, production of durable resources, and innovative policy ideas.



What are the SRFs?

- Low interest revolving loan program with subsidies for targeted projects and communities
- Money comes from EPA/Federal Government, state match, loan repayments, interest, bond proceeds

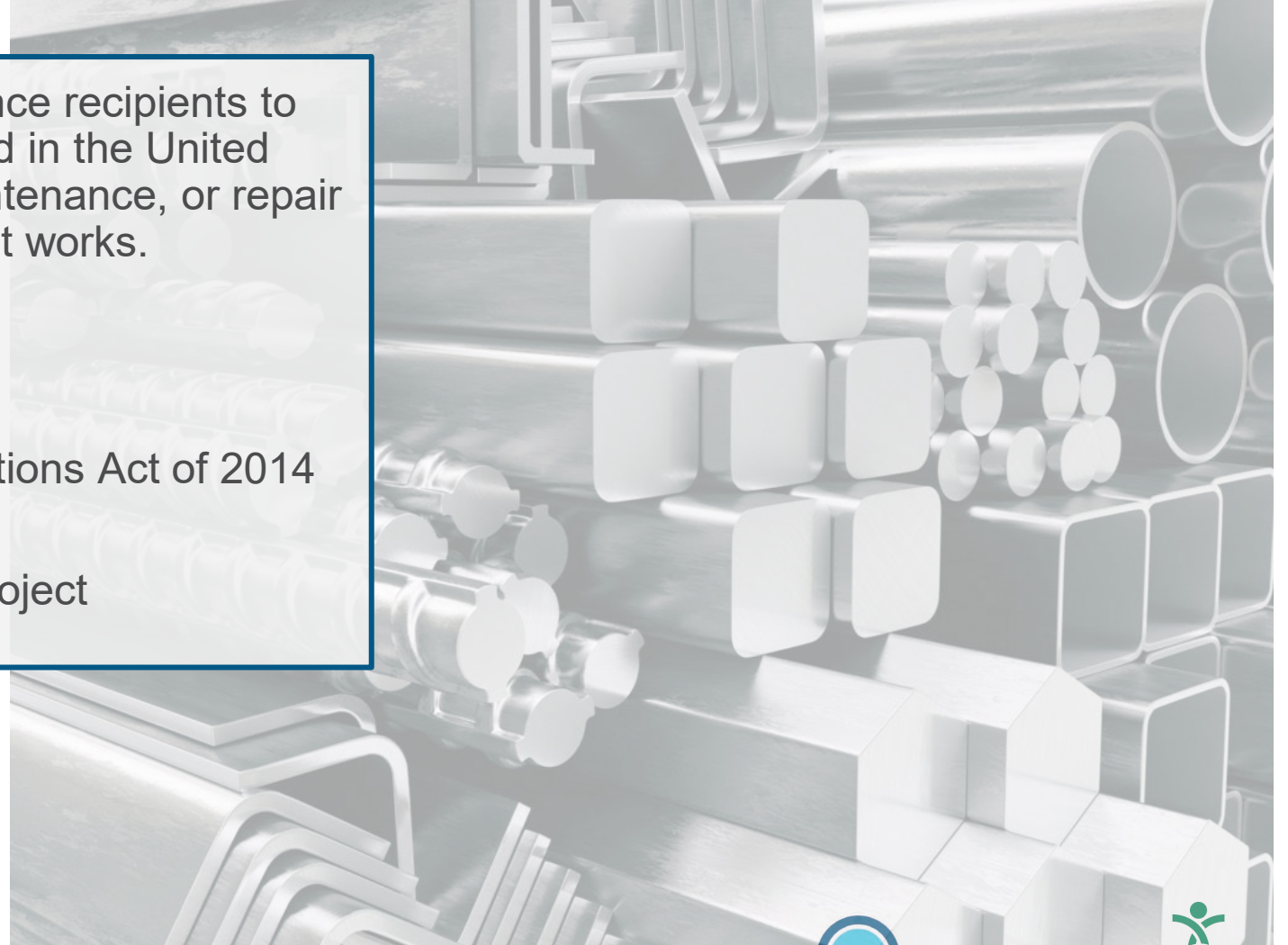


SRF REQUIREMENTS

American Iron & Steel (AIS)

AIS Requirement

- Requires all DWSRF and CWSRF assistance recipients to use iron and steel products that are produced in the United States for the construction, alteration, maintenance, or repair of public water supply systems or treatment works.
- Applies to all products that:
 - Are made primarily of iron or steel
 - Listed in the Consolidated Appropriations Act of 2014 P.L. 113-76
 - Permanently incorporated into the project



AIS Specifics

What constitutes “primarily made of iron or steel”?

- A product that has more than 50% of its material cost made up of iron or steel.
- Manufacturers must certify as to whether their product meets American Iron & Steel (AIS) requirements.

What is a “listed” product?

- Lined or unlined pipes or fittings; manhole covers; municipal castings; hydrants; tanks; flanges; pipe clamps and restraints; valves; structural steel; reinforced precast concrete; and construction materials

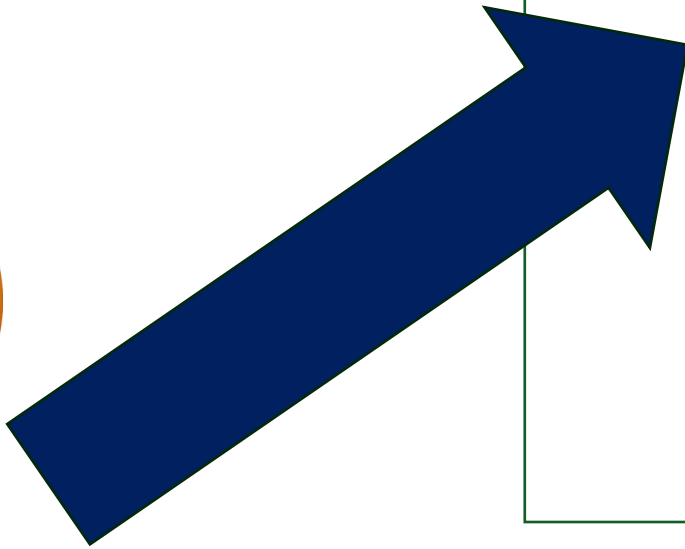
What does “permanently incorporated into the project” include?

- Any iron or steel product buried or left in place (e.g., sheeting or trench box).
- Spare or backup parts



AIS Fun Fact

Construction Materials



Construction materials are products made primarily of iron and steel, that are permanently incorporated into the project, not including mechanical and/or electrical components, equipment and systems. Some of these products may overlap with what is also considered “structural steel”. This includes, but is not limited to, the following products: wire rod, bar, angles, concrete reinforcing bar, wire, wire cloth, wire rope and cables, tubing, framing, joists, trusses, fasteners (i.e., nuts and bolts), welding rods, decking, grating, railings, stairs, access ramps, fire escapes, ladders, wall panels, dome structures, roofing, ductwork, surface drains, cable hanging systems, manhole steps, fencing and fence tubing, guardrails, doors, and stationary screens.

AIS Waivers

De Minimis Waiver

DeMinimis Waiver: Allows project a small percentage of incidental products of unknown or non- domestic origin - 5% total material cost with a 1% max for any single item; project must maintain a materials budget to document DeMinimis compliance.

National Waiver

Minor Components Waiver: Allows the product manufacturer to include non-domestic, minor components in AIS-compliant products - up to 5% of material cost of the product.

AIS Certification

Complying with AIS – Certification Letter

Must come from manufacturer and not the product supplier

Must list the name and location of the project

Must describe the product being delivered to the project site

Must name where the product was manufactured

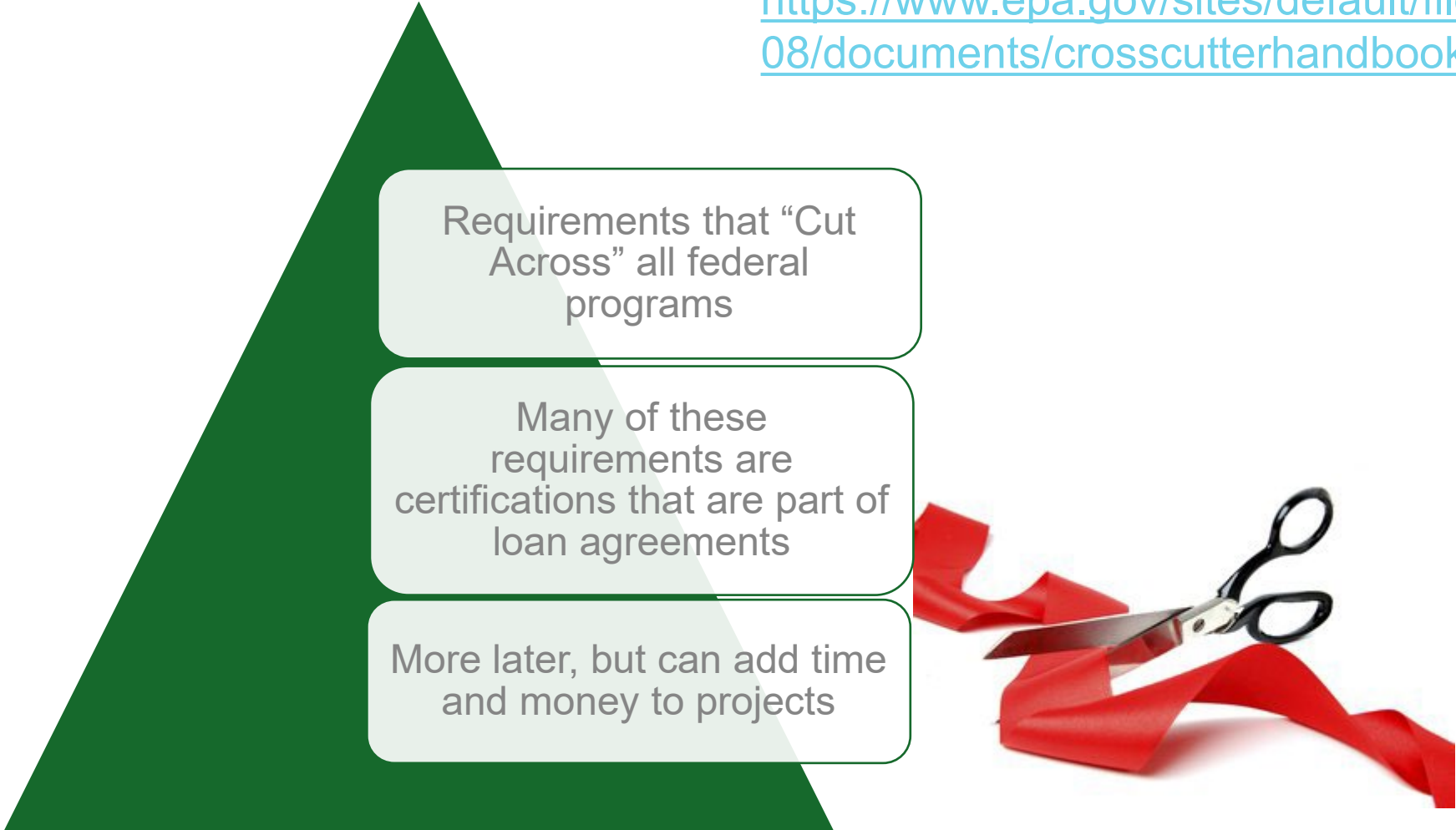
Must specifically reference the American Iron & Steel requirement

Must be signed by a company representative or printed on company letterhead

Cross-Cutters

EPA Cross-Cutter Handbook:

<https://www.epa.gov/sites/default/files/2015-08/documents/crosscutterhandbook.pdf>



Requirements that “Cut Across” all federal programs

Many of these requirements are certifications that are part of loan agreements

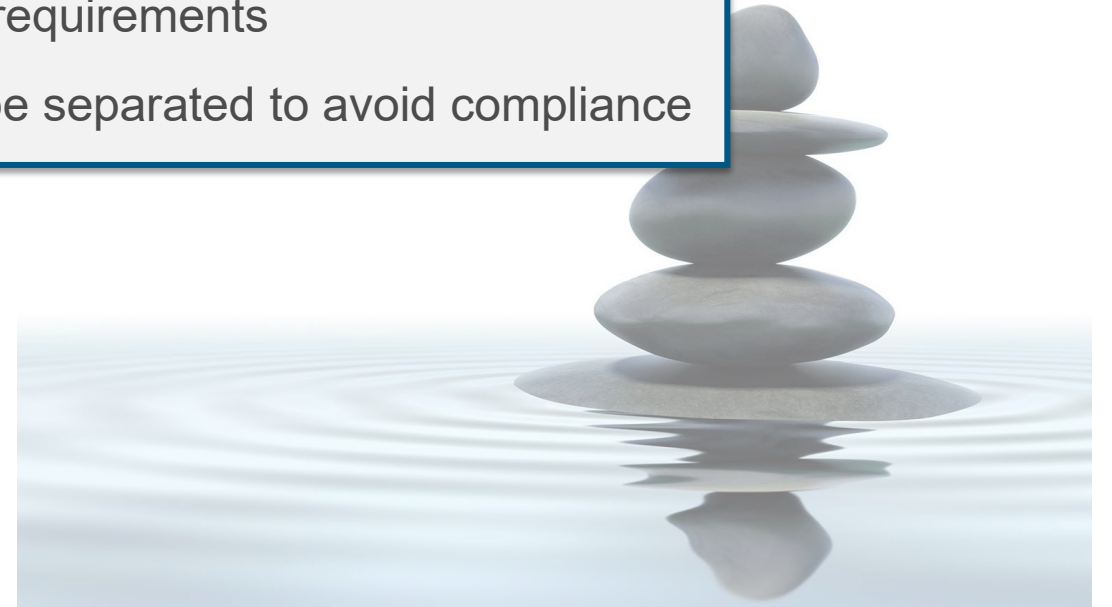
More later, but can add time and money to projects

Equivalency

Equivalency



- Assistance amount equal to the federal grant
- State may identify borrower, project, or group of projects to apply requirement
- Only those borrowers/projects will need to meet certain Federal requirements
- Project cannot be separated to avoid compliance



Qualifications Based Selection

Qualifications Based Selection, AKA...

- QBS....Request for Qualifications (RFQ)....and Architectural and Engineering (A/E) Procurement
- CWSRF-only requirement
- Is satisfied via certification form, usually
- Sometimes requirement is met by long-standing state requirements (Oklahoma)
- Sometimes an applicant can pre-qualify engineering firms based on best fits for certain types of projects and the certification can cover multiple projects/years
 - Ex: One RFQ round can certify a firm for CSO, another for green stormwater, another for WWTF upgrade, etc.
 - This should be coordinated with state to be on safe side!!



Environmental Review



Environmental Review Requirements

CWSRF

Construction of projects that meet the definition of “treatment works”

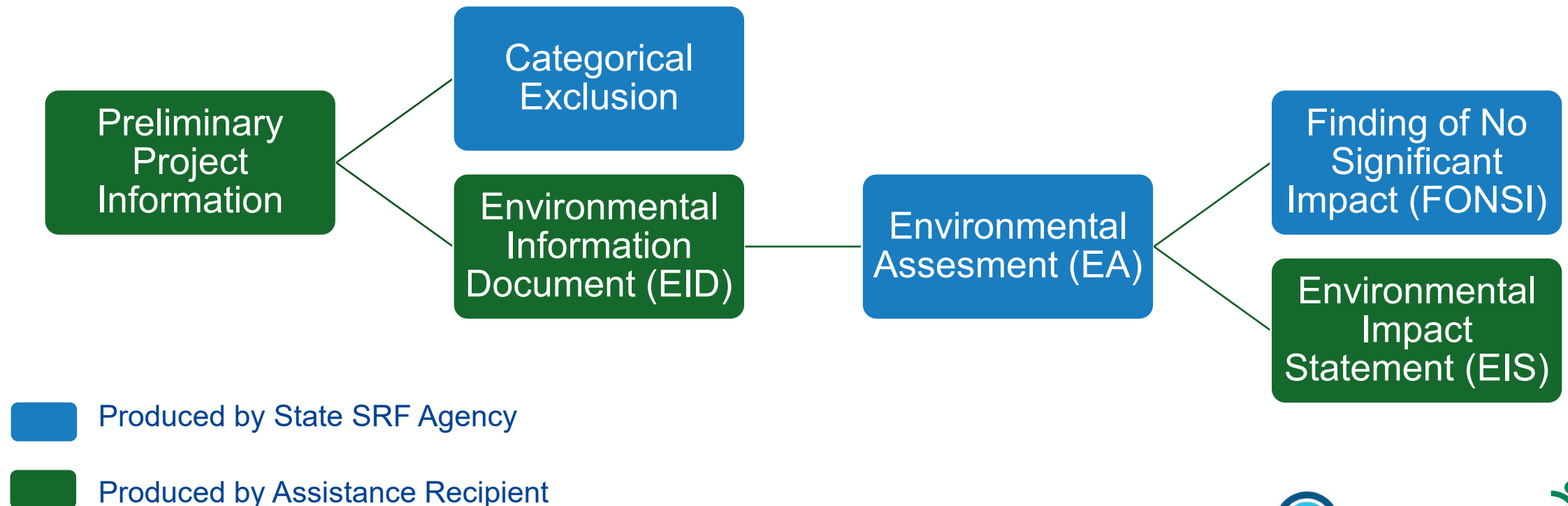
DWSRF

All DWSRF funded projects and all source water protection funded by the 15% set-aside



Environmental Review

- There may also be state environmental review procedures to follow (SERP)
- Federally recognized Indian tribe notification: <https://www.bia.gov/service/tribal-leaders-directory/federally-recognized-tribes>



Environmental Review- Cross Cutters

Natural Environment

- Endangered Species Act
- Bald & Golden Eagle Protection Act
- Migratory Bird Treaty Act
- Fish & Wildlife Coordination Act
- Marine Mammal Protection Act
- Coastal Barrier Resources Act
- Coastal Zone Management Act
- Magnuson-Stevens Fishery Conservation & Management Act
- Clean Water Act
- Clean Air Act
- Protection of Rivers
- River & Harbors Act
- Wild and Scenic Rivers Act



Human Environment

- Archaeological & Historic Preservation Act
- Archaeological Resources Preservation Act
 - National Historic Preservation Act
- Consultation & Coordination w/ Indian Tribal Governments
- Native American Graves Protection & Repatriation Act
 - Environmental Justice
- Farmlands Protection Policy
 - Floodplain Management
 - Safe Drinking Water Act

What about Flood Risk?

~~EO 14030 Federal Flood Risk Management Standard~~

~~Reinstates EO 13690 Federal Flood Risk Management~~

~~EO 14148 Initial Rescission of Harmful Executive Orders and Actions~~

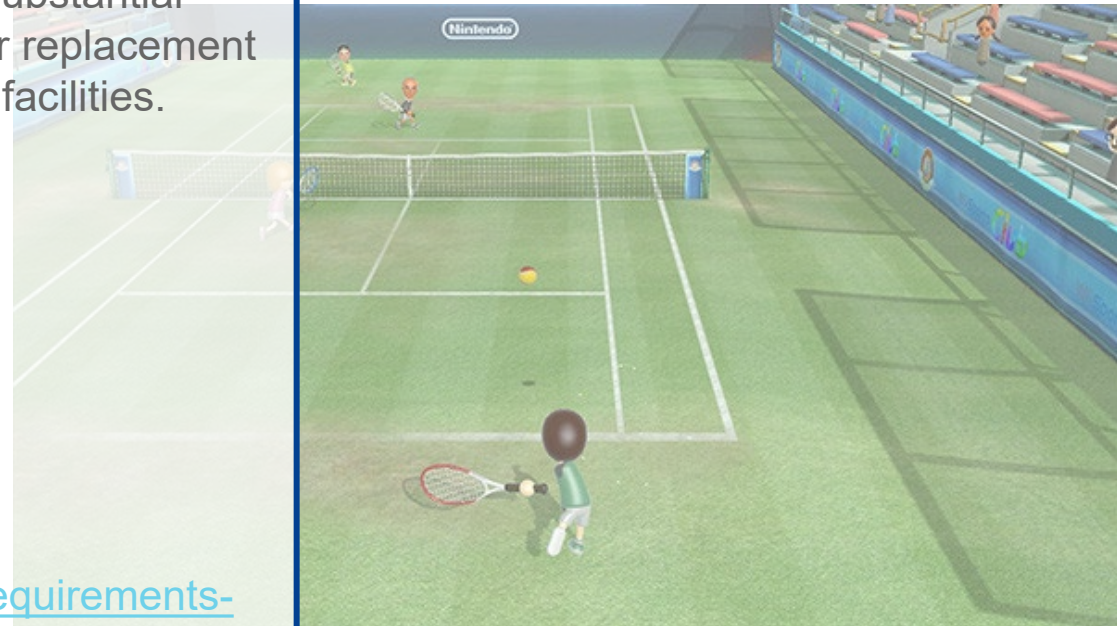
Applies to actions where federal funds are used for new construction, substantial improvement (i.e., projects worth more than 50% of the market value or replacement cost of the facility), or to address substantial damage to structures and facilities.

Designs must incorporate one of three design standards:

- Climate Informed Science Approach
- Freeboard Value Approach
- 500-Year Flood Elevation

So, what now?

<https://www.fema.gov/press-release/20250325/fema-eases-floodplain-requirements-federally-funded-projects-reducing-burden>



Socioeconomic

Socioeconomic: Planning & Design

Demonstration Cities & Metropolitan Development Act: Requires capitalization grants to go through a state's designated single point of contact to ensure coordination between local municipal project planning and federally funded projects. (P.L. 89-754, U.S.C. §3331 et seq)

Disadvantage Business Enterprises: Requires contractors to make "good faith" efforts to include MBE, WBE, and DBE firms on EPA-funded projects. (Public Law 102-389 - CWA Amendments 1992)

Procurement Prohibition to Violators of the Clean Air & Clean Water Acts: Prohibits assistance recipients from procuring goods or services from individuals convicted of violating the Clean Air Act or Clean Water Act. (EO 11738, §306 of CAA, §508 CWA)

Uniform Relocation & Real Properties Acquisition Policies Act: Requires fair compensation for acquisition of real property and expenses for persons who are displaced from their homes, farms, or businesses to make way for federal or federally assisted projects. (P.L. 91-646, 42 U.S.C. §4601-4655)

Socioeconomic: Construction

Debarment & Suspension: Excludes persons/businesses who have been debarred as a result of conviction or judgment for fraud, antitrust violations, embezzlement, or theft from participating in federal assistance programs. (EO 12549)

Disadvantage Business Enterprises: Requires contractors to make "good faith" efforts to include MBE, WBE, and DBE firms on EPA-funded projects. (Public Law 102-389 - CWA Amendments 1992)

Procurement Prohibition to Violators of the Clean Air & Clean Water Acts: Prohibits assistance recipients from procuring goods or services from individuals convicted of violating the Clean Air Act or Clean Water Act. (EO 11738, §306 of CAA, §508 CWA)

Project Labor Agreement for Federal Construction Projects: Allows agencies to require a PLA for any large-scale projects they choose. It does NOT REQUIRE use of PLAs. (EO 13502)

Davis Bacon

Davis Bacon



The Davis-Bacon Act of 1931 mandates that prevailing wages be paid by all contractors and sub-contractors on all federally funded and federally assisted public works projects in excess of \$2,000



The Davis-Bacon Employee Rights poster and a copy of the prevailing wage determination must be posted and protected from the weather at all job sites



Davis-Bacon records must be maintained for 3 years after the completion of the project

Davis Bacon, cont.

Borrower Responsibility

Collect weekly payroll reports from contractor

Submit certifications to SRF

Spot check payroll compliance reports

Conduct employee interviews

Review apprentice/trainee registrations

Contractor Responsibility

Produce payroll reports; collect payroll reports from subs

Submit weekly reports to borrower

Maintain records of fringe benefits

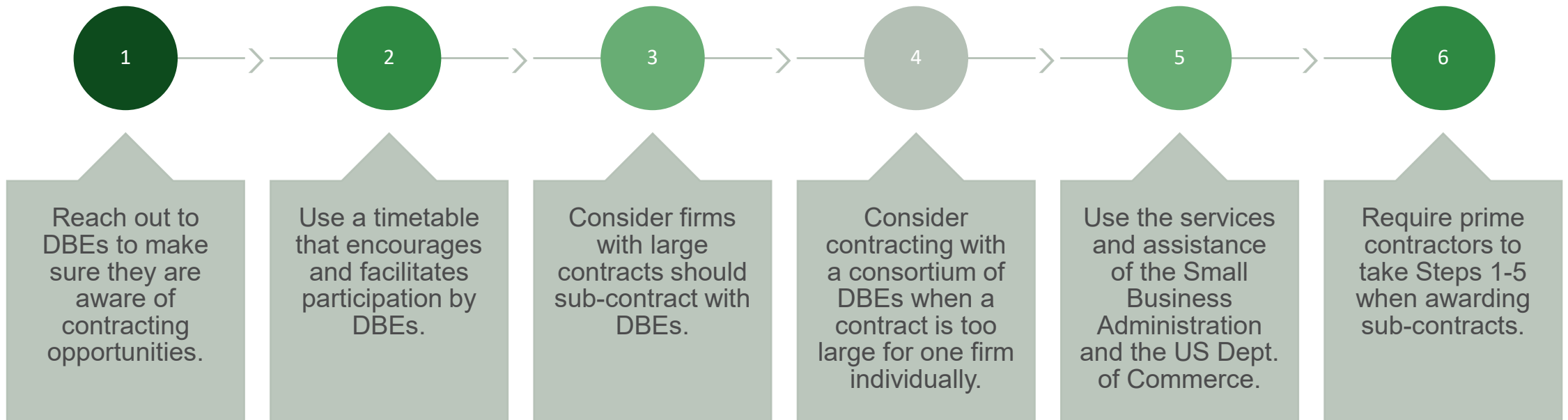
Allow confidential access to employees for interview

Disadvantaged Business Enterprise
Women-owned Business Enterprise
Minority-owned Business Enterprise
(DBE/WBE/MBE)

DBE/WBE/MBE

The EPA's Disadvantaged Business Enterprises authority ensures recipients of EPA financial assistance and their prime contractors, seek out, and wherever possible, utilize MBE, WBE, and other DBE firms when procuring services, equipment, supplies, and construction on EPA funded projects.

“The Six Good Faith Efforts”



Single Audit

Single Audit



More than \$1,000,000 in federally-reimbursable funds in a fiscal year



Organization-wide financial statement and federal award audit



Intended to provide assurances that a non-federal entity has adequate internal controls in place, and is in compliance with program requirements



Build America Buy America (BABA)

BABA

Included in the Infrastructure Investment and Jobs Act (IIJA)/Bipartisan Infrastructure Law (BIL)

Requires iron, steel, manufactured products, and construction materials used in the project are produced in the United States

Administered by the Made In America Office (MIAO) of the Office of Management and Budget (OMB), not the USEPA

Applies to all infrastructure projects that receive federal assistance not just CWSRF and DWSRF projects

BABA is an equivalency requirement. Applicable CWSRF and DWSRF projects must comply with both BABA and AIS

BABA

Applies to items consumed in, incorporated into or affixed to an infrastructure project.

BABA covered items should be classified as iron and steel, or manufactured products, or construction materials:

- Iron and Steel - Items that are predominantly iron or steel, unless another standard applies under law or regulation; all manufacturing processes, from the initial melting stage through the application of coatings, must occur in the U.S.



BABA implementation memo:

<https://www.epa.gov/system/files/documents/2022-11/OW-BABA-Implementation-Procedures-Final-November-2022.pdf>

BABA Specifications

Manufactured Products

Manufactured in the U.S.; cost of components that are mined, produced, or manufactured in the U.S. is greater than 55% of the total cost of all components of the manufactured product unless another standard for determining the minimum amount of domestic content has been established under applicable law or regulation.

Construction Materials

Includes: non-ferrous metals, plastic and polymer-based products (including PVC, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall. Excludes: cement and cementitious materials, aggregates such as stone, sand, or gravel, and aggregate binding agents/additives

BABA Waiver

De Minimis Waiver

DeMinimis Waiver: Allows project a small percentage of incidental products of unknown or non- domestic origin - 5% total **project** cost.



BABA Certification

Complying with BABA – Certification Letter

Must come from manufacturer and not the product supplier

Must list the name and location of the project

Must describe the product being delivered to the project site

Must name where the product was manufactured

Must specifically reference the Build America Buy America requirement

Must be signed by a company representative or printed on company letterhead

Signage

Signage

- Capitalization grant award condition.
- Can be part of bid documents/construction contract or handled as separate documents.
- Can be the standard project sign at the worksite. Must include the EPA logo.
- Other acceptable signage options include poster or wall signage in a public building, insert in water or sewer bill, newspaper or periodical advertisement, online signage, and press release.



Telecom

Telecom

- Telecom Services and Equipment
 - Cannot procure or obtain equipment, systems, or services that use “covered telecommunications equipment or services”.
 - Covered brands: Huawei, ZTE, Hylera, Dahua, others.
 - Products and services include automatic meter reading technology, advanced metering infrastructure, instrumentation control systems, and security cameras.
 - Applies to: DWSRF & CWSRF equivalency projects; CWSRF admin funds; all DWSRF set-asides.
- Telecom prohibition <https://www.law.cornell.edu/cfr/text/2/200.216>



CWSRF-SPECIFIC REQUIREMENTS

Fiscal Sustainability Plan (FSP)

FSP Implementation

Self-Certification	FSPs MUST Contain:
<ul style="list-style-type: none">• States may allow recipients to self-certify or to complete an FSP• CWSRF program is NOT required to collect or review the FSP• If a community is self-certifying, this is due at loan closing• For systems completing an FSP as part of the loan process, EPA strongly recommends that the CWSRF's require FSPs be completed before final disbursement	<ul style="list-style-type: none">• An inventory of critical assets• An evaluation of the condition and performance of those assets• A certification that the assistance recipient has been evaluated and will be implementing water and energy conservation methods as part of the plan• A plan for maintaining, repairing, and replacing the treatment works and financing those activities• "Asset management-light"



Only required for:
Loan Recipients + Treatment Works Projects

FSP Examples/Resources

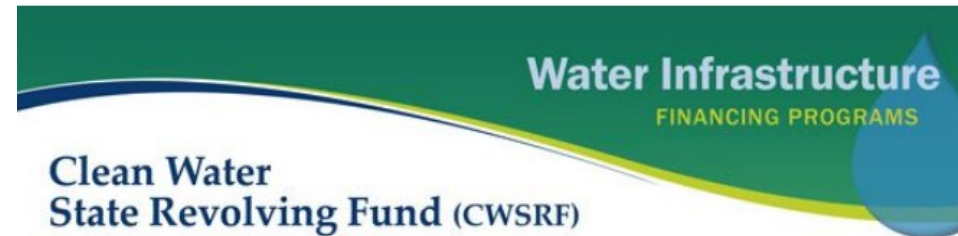
- [Texas Water Development Board](#)
- [AWWA's FSP Requirements](#)
- [Vermont CWSRF](#)



TWDB-1700-B
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Fiscal Sustainability Plan (FSP)

Best Management Practices



**Clean Water
State Revolving Fund (CWSRF)**

Fiscal Sustainability Plan Certification Form

(Pursuant to Section 603(d)(1)(E)(i) of the Federal Water Pollution Control Act)
(To be submitted prior to final disbursement of Participant's loan proceeds related to the project)



**CLEAN WATER AND DRINKING WATER
STATE REVOLVING FUND PROGRAMS**

*SURVEY OF FISCAL SUSTAINABILITY PLAN
AND ASSET MANAGEMENT REQUIREMENTS*



Cost and Effectiveness

Cost & Effectiveness

FWPCA

• Section 602(b)(13) 2014 WRRDA Amendments

Which borrowers does this apply to?

All municipal, intermunicipal, interstate, or state agency assistance recipients

Requirements

- Assistance recipients must provide certification before final design or construction
- Study and evaluation of cost and effectiveness of processes, materials, techniques, and technologies for carrying out a project.
- Select, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account:
 - The cost of constructing the project or activity
 - The cost of operating and maintaining the project/activity over the life of the project / activity, and
 - The cost of replacing the project/activity

C&E: How to Comply

- Almost every state has a self-certification form
- Must be signed by Professional Engineer
- Some states have a required methodology for the analysis
 - Ex: South Carolina
- Iowa SRF has a laundry list of resources for sustainability and energy/water conservation



Qualifications Based Selection

Qualifications Based Selection, AKA...

- QBS....Request for Qualifications (RFQ)....and Architectural and Engineering (A/E) Procurement
- CWSRF-only requirement
- Is satisfied via certification form, usually
- Sometimes requirement is met by long-standing state requirements (Oklahoma)
- Sometimes an applicant can pre-qualify engineering firms based on best fits for certain types of projects and the certification can cover multiple projects/years
 - Ex: One RFQ round can certify a firm for CSO, another for green stormwater, another for WWTF upgrade, etc.
 - This should be coordinated with state to be on safe side!!



DWSRF-SPECIFIC REQUIREMENTS

Capacity Determination

Water system capacity is the ability to plan for, achieve, and maintain compliance with applicable drinking water standards.

Capacity development is the process of water systems acquiring and maintaining adequate technical, managerial, and financial capabilities to enable them to consistently provide safe drinking water.

- Each state develops their own way of determining TMF called the Capacity Development Strategy
- If a borrower lacks T or M or F they cannot receive a loan unless the project will result in achieving TMF
- States must ensure each loan recipient has TMF or 20% of DWSRF CAP grant may be withheld

Just because this is a DW requirement doesn't mean it's not useful for all utilities

Elements of TMF Capacity

Technical

- Source water adequacy
- Infrastructure adequacy
- Technical knowledge & implementation
- Operator Certification
- Succession planning
- Water Loss mitigation
- Pollution prevention
- Security
- Routine Maintenance
- Communication
- Engineering
- Asset Management

Managerial

- Ownership accountability
- Staffing & organization
- Record keeping
- Planning
- Advocacy

Financial

- Revenue sufficiency
- Credit worthiness
- Fiscal management & controls
- Long-range planning



SRF BEST PRACTICES

Project Design, Construction, and Completion



Project Planning

Preliminary Engineering Report

- Project specific document that incorporates need, alternatives, impacts, costs, schedules, and final recommendation
- Widely used procedure for infrastructure planning

Wastewater Facilities Plan

- Comprehensive (usually) 20-year planning horizon of a community's entire wastewater needs (a wastewater road map)
- Old school but still cool
- Includes elements of environmental review (more on that later)



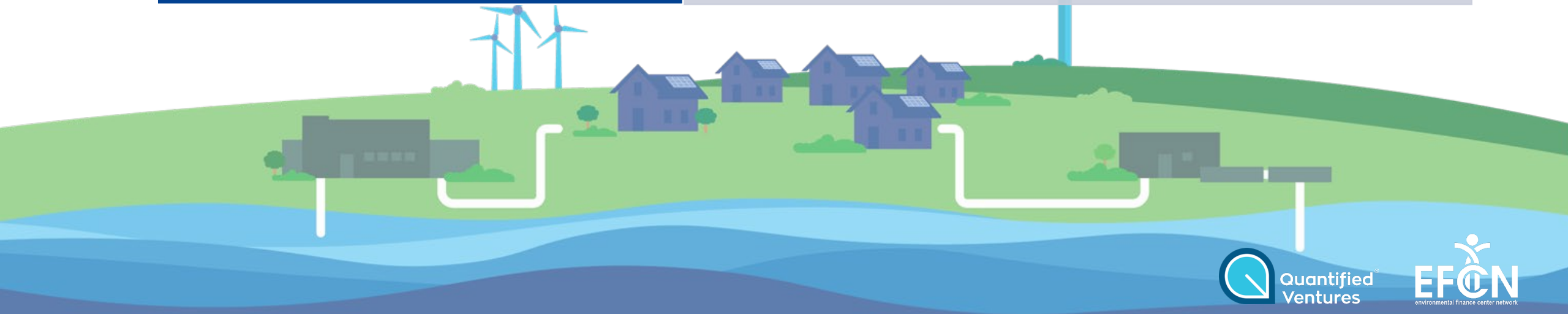
Project Design

Project Plans

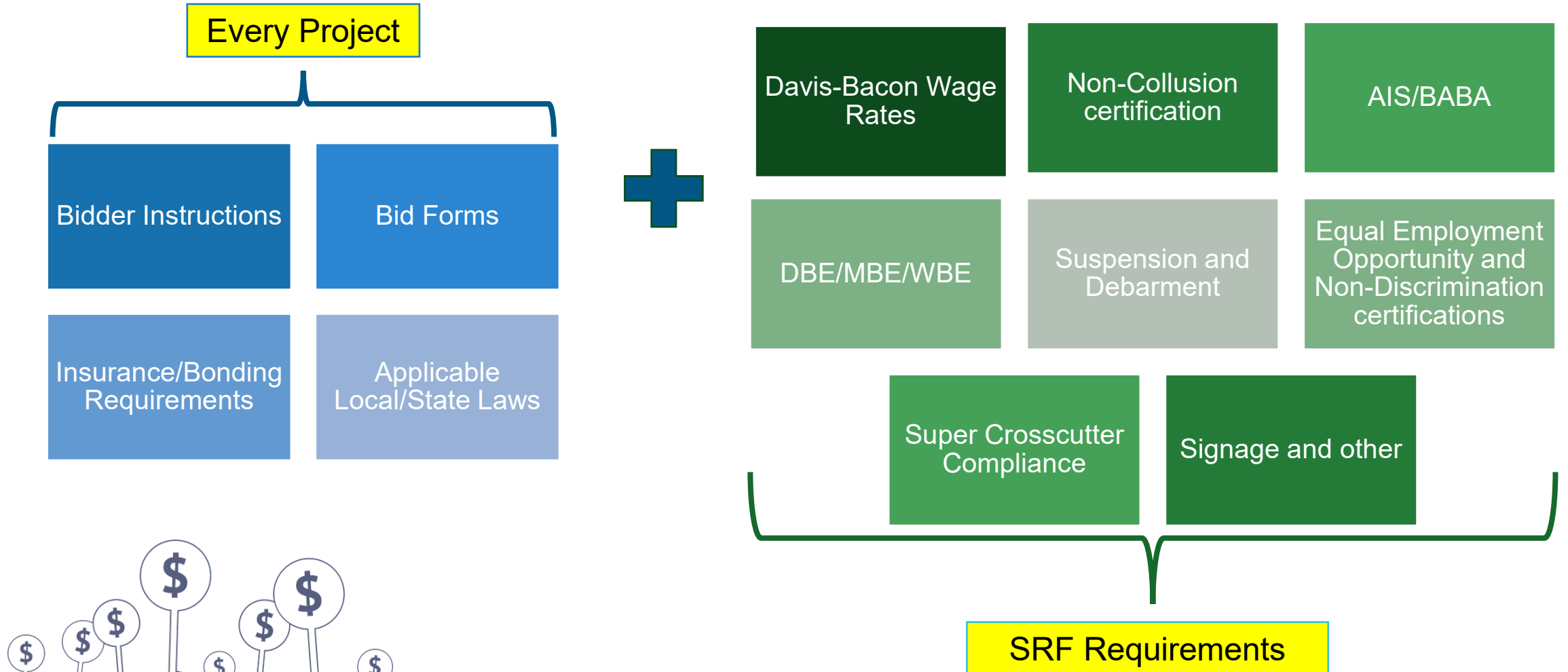
- Detailed drawing of the proposed project including dimensions and elevations.
- Produced by an A/E firm or done “in-house”

Project Specifications

- A document detailing the entire project from constructability to technical aspects and requirements of the project components.
- The project’s **go-to resource**. Forms the basis of the construction contract.



Contracting



Inspection

Pre-bid and pre-construction meetings

- Attendance is not required but recommended
- Opportunity to remind and explain key SRF requirements – AIS, BABA, Davis-Bacon, DBE

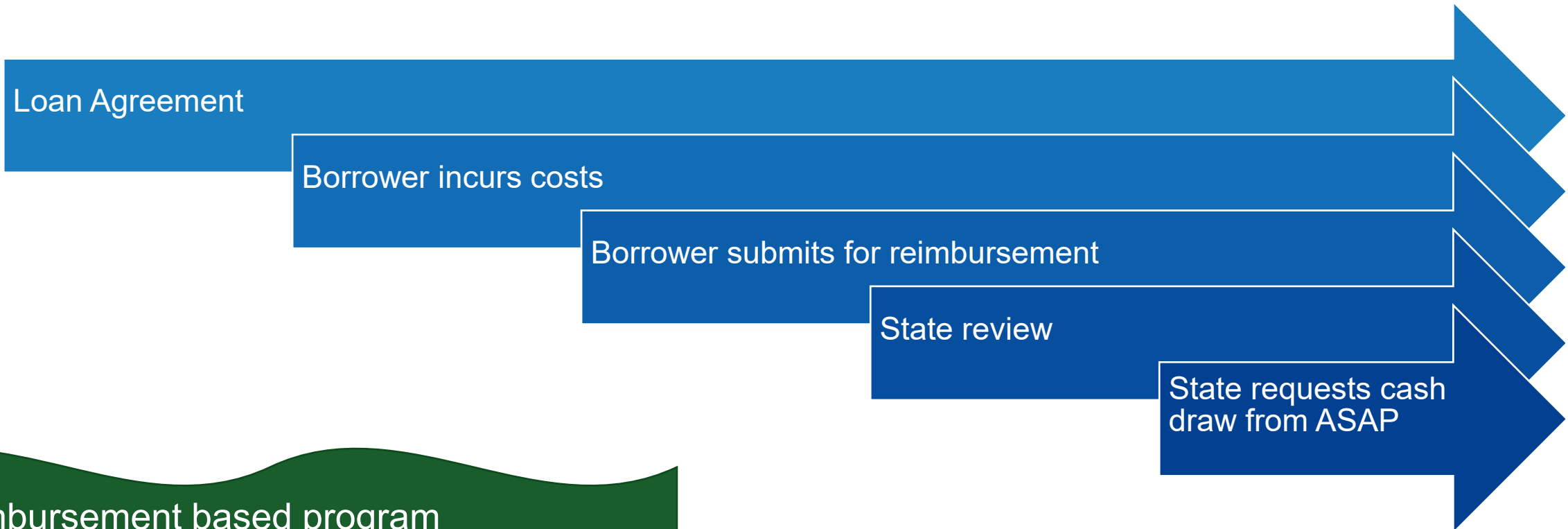
Project Inspections

- Not required but recommended
- Frequency varies with size and scope of the project



Expert Tip! Build inspection schedule to coincide with scheduled construction progress meetings between borrower, engineer, and contractor.

Reimbursement



- Reimbursement based program
- Must incur costs prior to seeking payment
- Some states may do two-party checks
- Short-term financing strongly recommended

Upcoming Trainings

Asset Management and Capital Improvement Plans

July 21, 2025 / 2:00-4:00 pm EST

Why Project Expenses?

August 6, 2025 / 11:00-1:00 pm EST

Creative Uses of SRFs

August 18, 2025 / 2:00-4:00 pm EST

Source Water Protection & the SRFs

September 3, 2025 / 11:00-1:00 pm EST

For more information and to register visit:

<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion/>

Community Finance Team

<https://www.quantifiedventures.com/community-finance>



Ashley Lucht

- *Community Finance Team*
- Former Director of Capital Planning at the Vermont Municipal Bond Bank
- Former DWSRF Project Manager for the State of Vermont

- Contact me:



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