



Ask Me Anything: Federal Award Compliance, Part 1

May 18, 2026



About Us

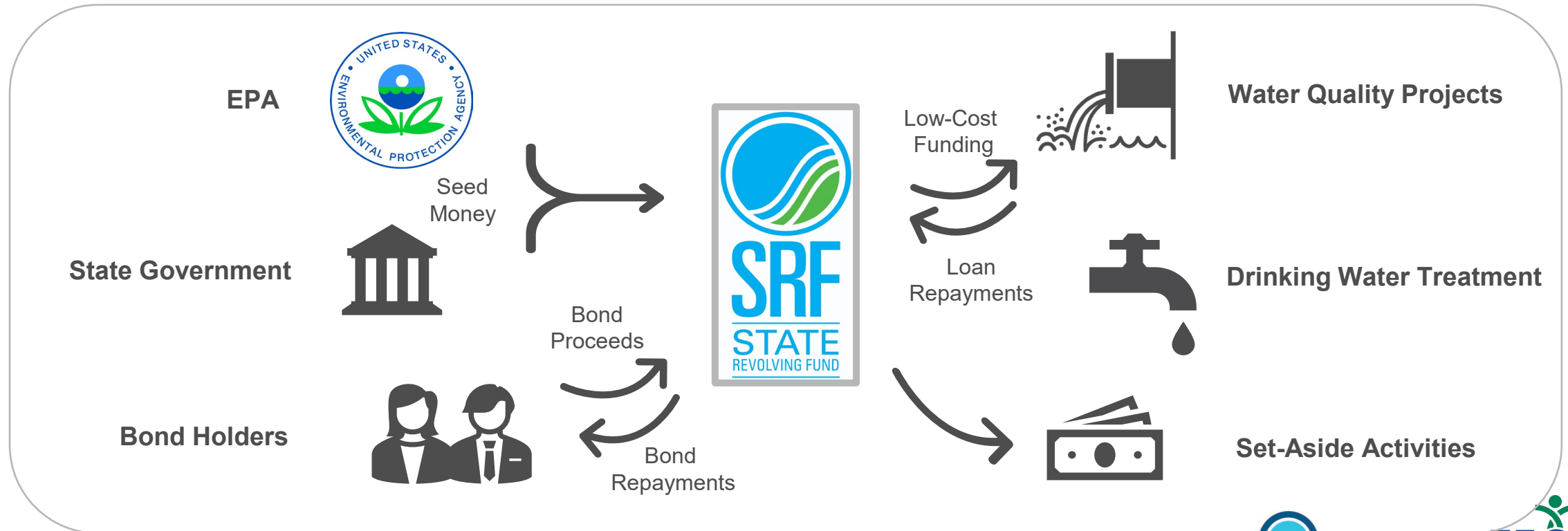
The **Environmental Finance Center Network (EFCN)** is a university- and non-profit-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and water infrastructure.

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




Every state is different.
It depends.

Equivalency Crosscutters Federal Award Compliance



Cross-Cutters



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

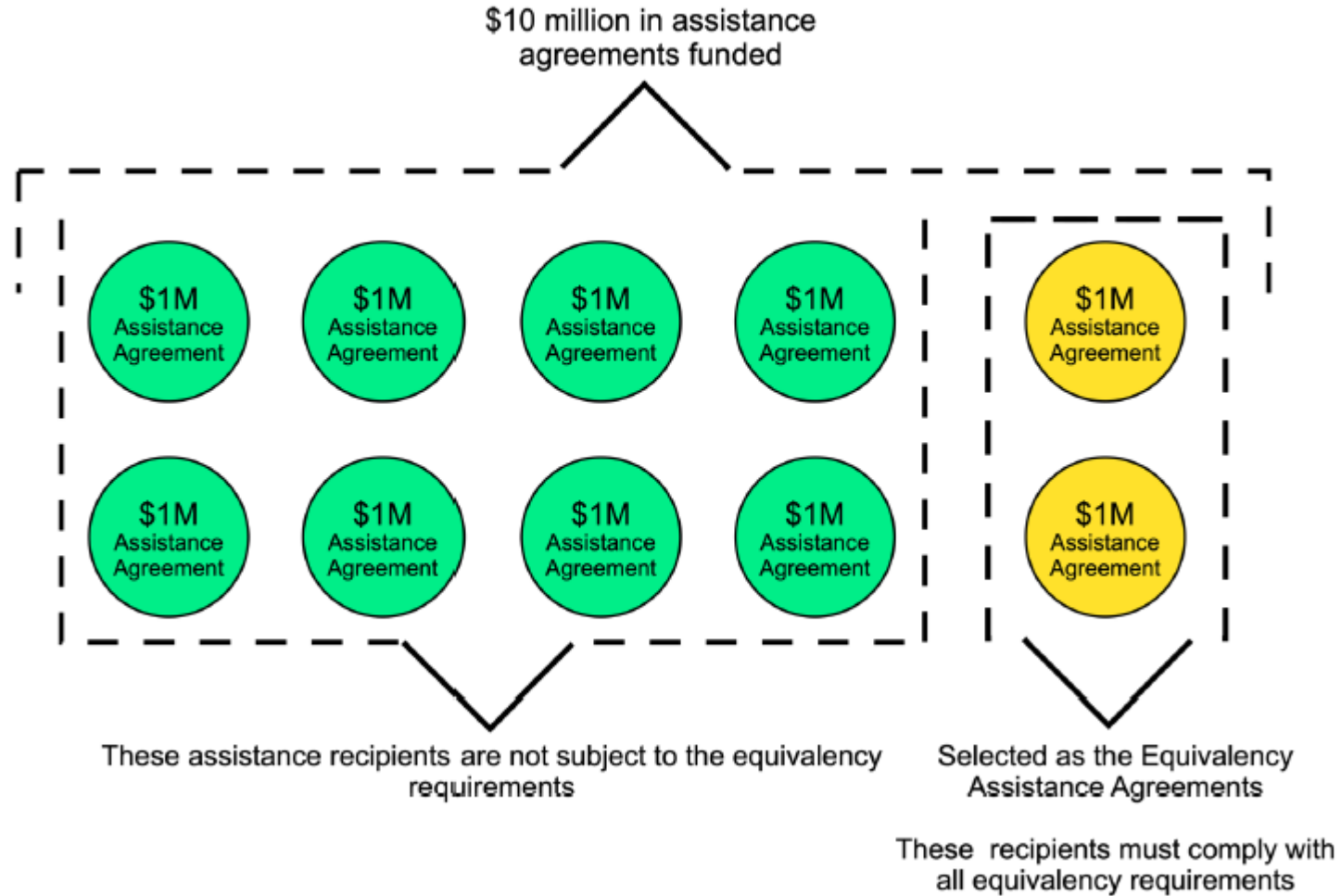
Equivalency Basics

- 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
- EPA SRF Equivalency Handbook:
<https://www.epa.gov/system/files/documents/2025-09/srf-equivalency-handbook.pdf>

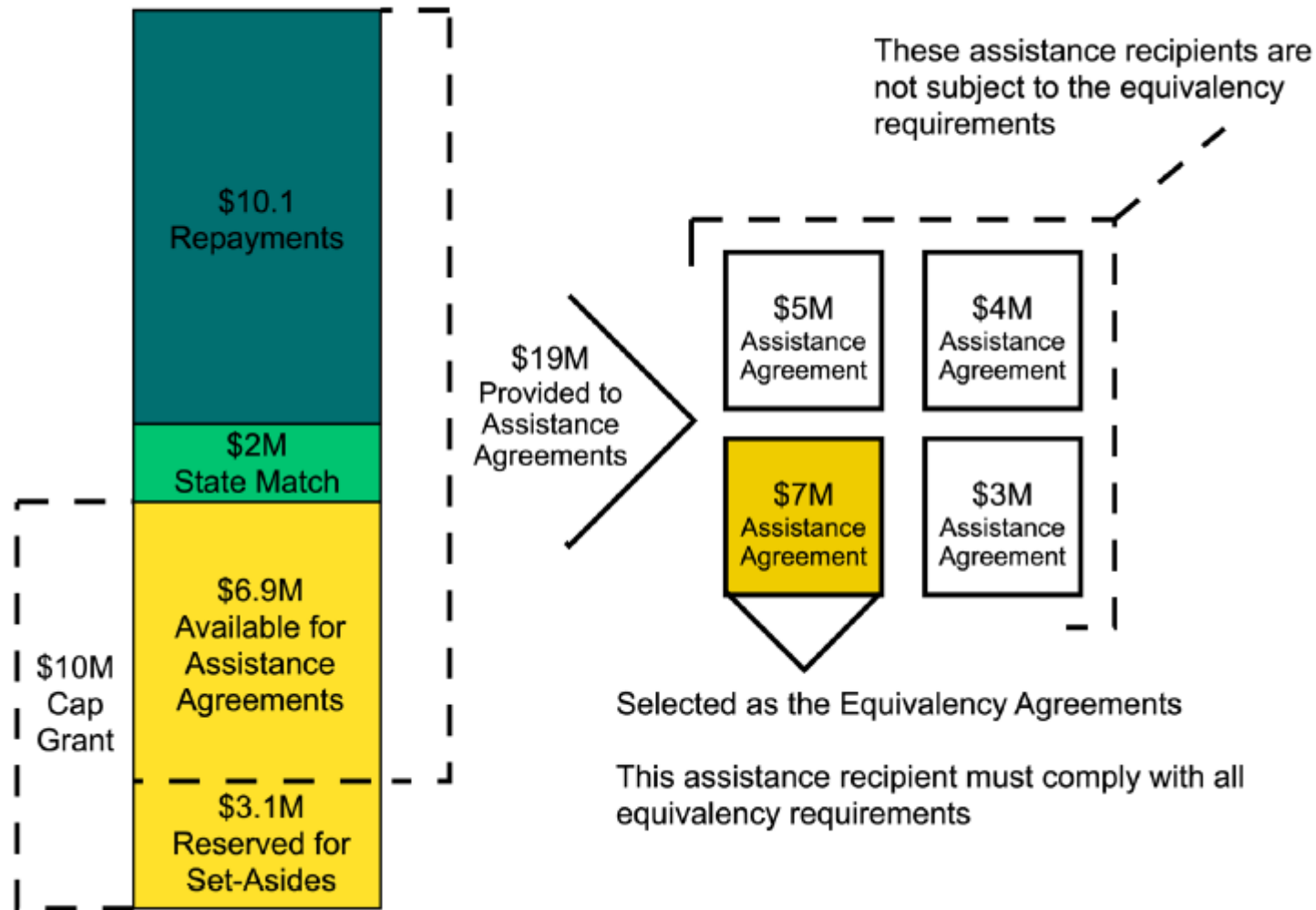
If you are NOT an SRF staff person, DO NOT read the Handbook. It will only confuse you.

Equivalency CWSRF

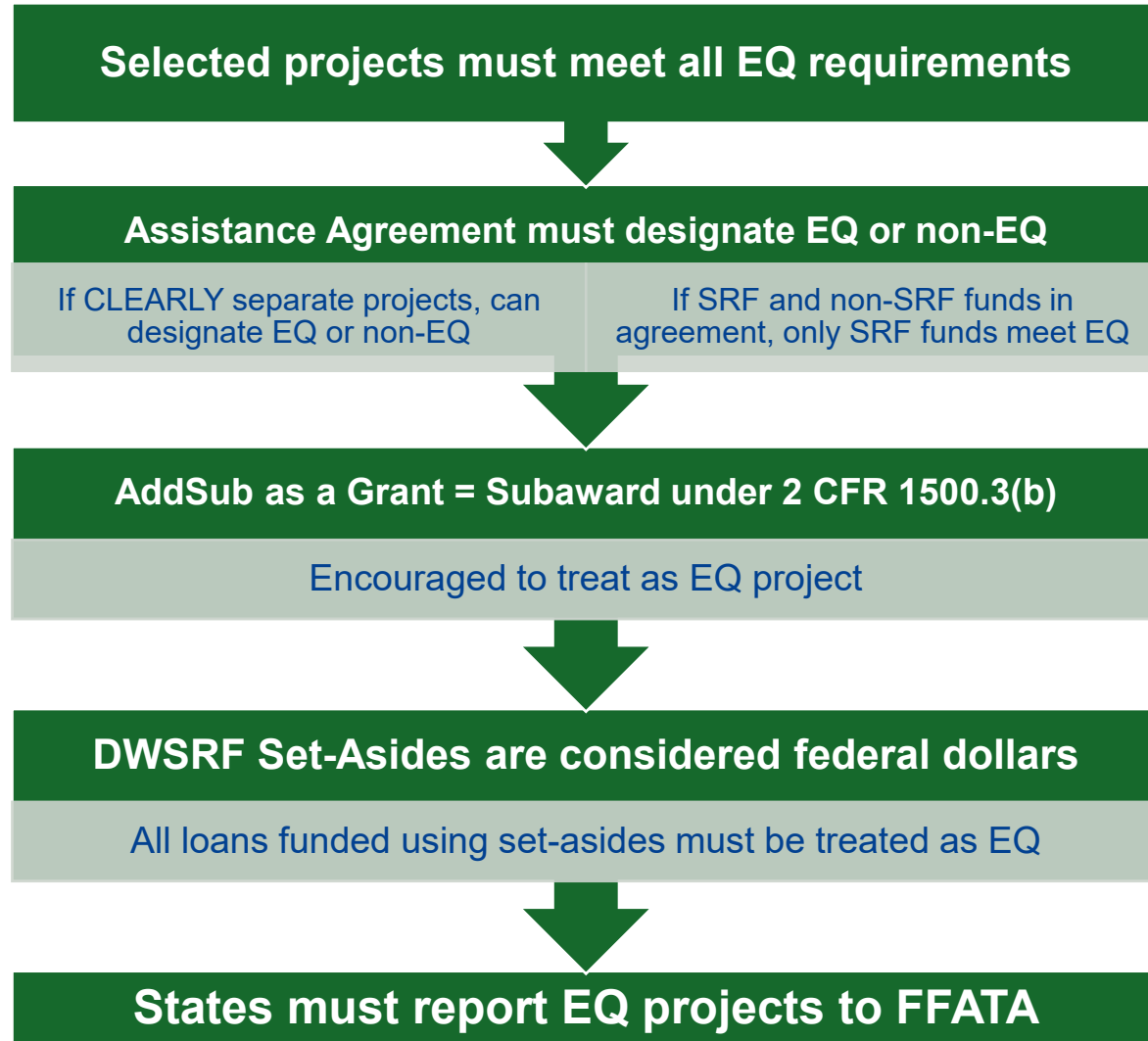
State's Annual CWSRF Capitalization Grant: \$2 million
State's Annual Total Assistance Provided: \$10 million



Equivalency DWSRF



Equivalency Rules



EQ applies to ALL Emerging Contaminant and Lead Service Line agreements

Equivalency Best Practices

- States ID proposed EQ project(s) in the IUP; must report in Annual Report which ones that were EQ
- States overestimate the project value where EQ applies
- SRF program offer incentives for EQ project(s)
- Borrowers plan for the project to have EQ requirements
- Disbursements for EQ projects DO NOT need to come from a specific SRF account/source
- EPA Annual Review will include EQ project → make sure to DOCUMENT EVERYTHING

Equivalency Requirements

A/E Procurement

Environmental

Socioeconomic

DBE

Single Audit

BABA

Signage

Telecom



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”

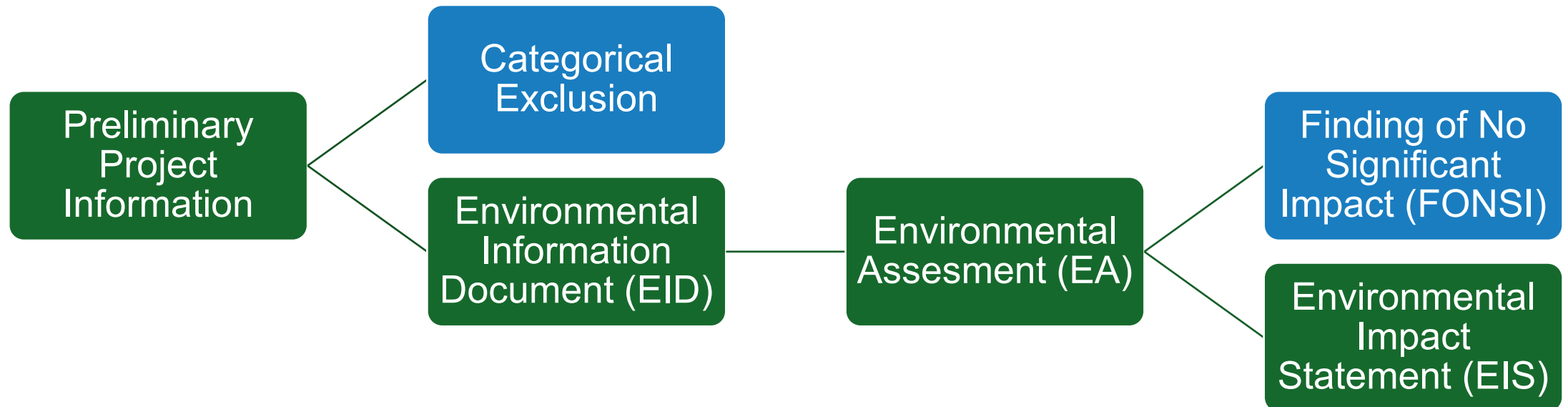
DWSRF

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 11988~~

~~EO 13630~~

~~EO 13690~~

~~EO 13807~~

~~EO 14030~~

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



Applies to all laborers and mechanics, including apprentices or trainees



Wage is set during Bid process; if award is delayed, wages shall be updated

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

Davis Bacon Compliance

Weekly Payroll

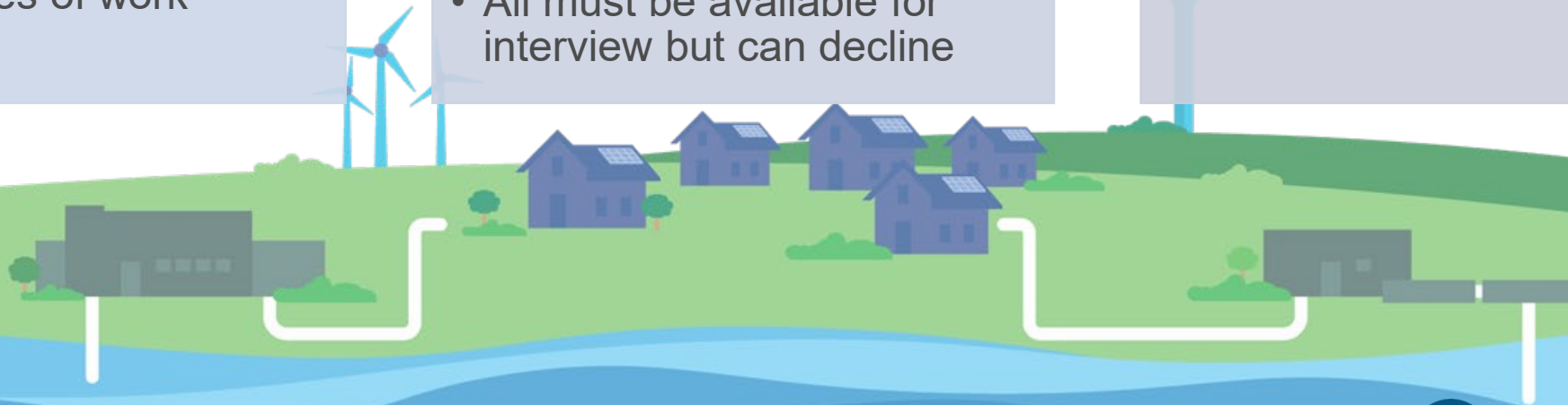
- Must be maintained by contractor
- Must clearly list specific job classification/wage for each worker; breakdown if does multiple types of work

Interviews

- Should be conducted at beginning and end of contract
- Interviewer is unaffiliated w/contractor
- All must be available for interview but can decline

Wage Determinations

- <https://sam.gov/wage-determinations>
- Unique to a geographic region/state
- Force Account work exempt



Davis Bacon Resources

Wage Determinations

<https://www.dol.gov/agencies/whd/government-contracts/prevailing-wage-resource-book>

Seminars

<https://www.dol.gov/agencies/whd/government-contracts/construction/presentations>

Completing Payroll

<https://www.dol.gov/agencies/whd/forms/wh347>

EPA Overview

<https://www.epa.gov/system/files/documents/2022-10/Davis%20Bacon%20Act%20Overview.pdf>

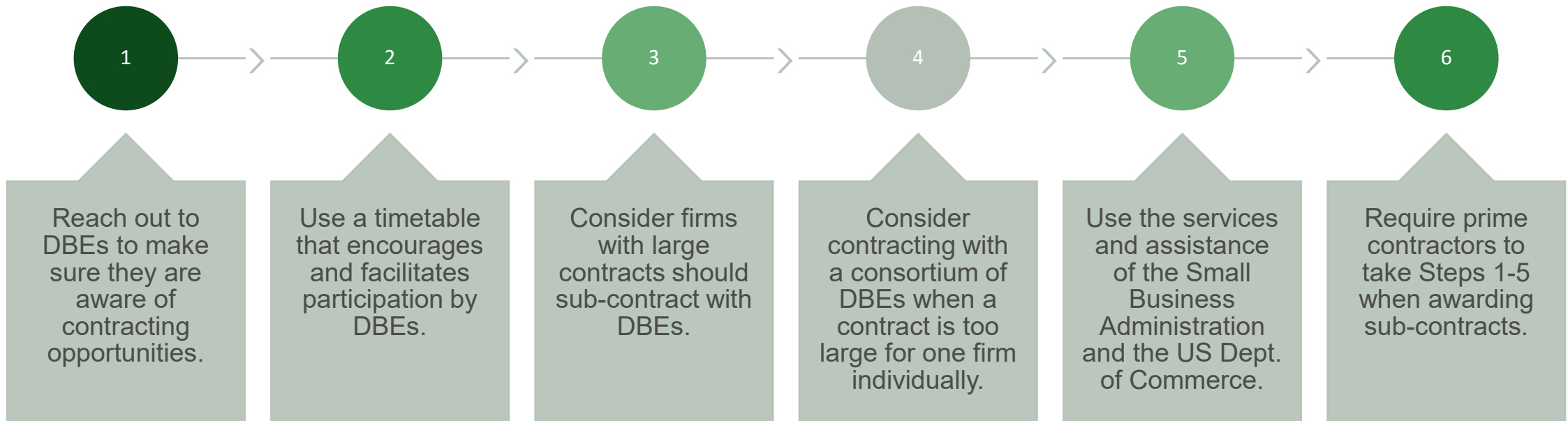


Disadvantaged Business Enterprise
Women-owned Business Enterprise
Minority-owned Business Enterprise
(DBE/WBE/MBE)

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 SRF (DW and treatment works), Community Grants, WIFIA, certain USDA (and more) infrastructure 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 revised implementation memo:

<https://www.whitehouse.gov/wp-content/uploads/2023/10/M-24-02-Buy-America-Implementation-Guidance-Update.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 General Waivers

SRF Design	Applies to FFY22 and FFY23 Appropriations Projects initiated prior to 5/14/2022
De Minimis	Applies to all projects 5% non-domestic products based on total project cost
Small Award	Award <\$250k EPA-funded portion, not all federal funding
EV Chargers	At least 55% of all components must be US made Only includes charger unit itself
AMI Water Meter	Entire product meets waiver After 12/19/2027, meter housing shall be US made
Minor Components	Same as AIS Minor Component Waiver Up to 5% of material product cost
WIFIA Design	
Indian Tribes	Awards at or below \$2.5M
Pacific Island Territories	Waived compliance for 18 months after signing of memo (signed 7/5/2023)

BABA Specific Waivers

Nonavailability

- Product is not available or will not be available in sufficient and reasonably available quantities and of satisfactory quality

Public Interest

- Implementation is not in the public's interest
Difficult to prove; evaluation can be complicated and take time

Unreasonable Cost

- When BABA application increases the **total project cost** more than 25%

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 or American Iron and Steel requirement

BABA or AIS letter interchangeable for iron and steel products

BABA letters must include the applicable product category

Must be signed (e-sig OK) by a company representative and printed on company letterhead

EPA Resources: <https://www.epa.gov/baba/build-america-buy-america-baba-act-resources>



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>



Some State Equivalency Examples

- New Mexico
 - DW– starting in SFY24 will select projects
 - CW– all projects that receive AddSub + selected projects
- Rhode Island, Maryland, Vermont, Arkansas, Illinois, Virginia, +
 - All projects must meet EQ requirements
- Texas
 - Selects projects and offers an interest rate reduction
- Oklahoma
 - DW– may receive interest rate reduction; applied to AddSub projects
 - CW– if chosen, may receive interest rate or AddSub
- Louisiana
 - DW– all projects must meet EQ requirements
 - CW– ‘One or more projects equal to the amount of the capitalization grant are designated as [EQ]’

What about AIS? Cost and Effectiveness? Fiscal Sustainability Plan? Capacity Evaluation?

In-Person Training

Looking for in-depth Financial Management training? Located in New England?

- May 28-29, 2026, at University of Southern Maine, Portland Maine
- Free to attend. You pay for travel, meals, and lodging
- 1.5-day training; 10.75 WW TCHs in ME
- Registration link: <https://efcnetwork.org/event/me-training-financial-management-for-water-and-wastewater-utilities/>

Located in the Mountain West?

- June 24-25, 2026, at Laramie County Community College, Cheyenne, WY
- Free to attend. You pay for travel, meals, and lodging
- 2 full day training; 13 TCHs in WY
- Registration Link: <https://efcnetwork.org/event/wy-in-person-training-financial-management-for-water-and-wastewater-utilities/>

Upcoming Trainings

Federal Award Compliance, Part 2

June 3, 2026 / 11:00-1:00 pm ET

Set-Asides: What are they and how are they used?

June 15, 2026 / 2:00-4:00 pm ET

Shrinking Capitalization Grants and the Future of SRFs

July 8, 2026 / 11:00-1:00 pm ET

Preparing for a Financial Audit

July 16, 2026 / 1:00-3:30 pm ET

This is **NOT** an Ask Me Anything session.
To register, go to:
<https://efcnetwork.org/event/online-training-preparing-for-a-financial-audit-2/>

For more information and to register visit:

<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion-2/>

Quantified Ventures

<https://www.quantifiedventures.com/our-team>



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
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