



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
WATER

March 5, 1992

SRF 92-05

MEMORANDUM

SUBJECT: SRF MBE/WBE Requirements

FROM: Don Niehus, Chief /s/
State Revolving Fund Branch (WH-547)

TO: Jack Rychucky, Financial Analyst
Municipal Facilities Branch (8WM-MF)

This is in response to questions you have raised concerning the "Disadvantaged Business Enterprise Program Plan" issued by the Office of Small and Disadvantaged Business Utilization (OSDBU) on February 15, 1991, regarding counting SRF refinance projects towards meeting the MBE/WBE fair share objective. OSDBU's program plan states that to count SRF refinance projects towards the MBE/WBE requirement, States must receive prior EPA approval.

Your concern is that significant delays in project progress could occur if all refinance projects that States plan to fund required Headquarters review before proceeding. In establishing the review requirement, OSDBU's main concern was that SRF refinance projects receiving assistance from both the construction grants and SRF programs could be double-counted towards meeting the MBE/WBE requirements of both programs.

Together with OSDBU, we have developed the following review strategy which addresses the issues of timeliness of project progress and double-counting MBE/WBE utilization.

Generally, SRF refinance projects fall into one of three categories. For each category, the following guidelines and level of review will apply:

Category 1: Projects where an SRF loan is used to refinance the non-Federal share of a grant provided under the construction grants program. (Section 603(h) of the Clean Water Act allows such assistance only if the assistance is necessary to allow the project to proceed.)

These projects cannot be counted towards meeting the SRF MBE/WBE requirement. To count these projects towards SRF program goal risks double-counting MBE/WBE participation for that portion of the project funded by the local share of the construction grants project. That amount would most likely already have been reported under the construction grants program.

For States providing SRF refinance assistance to these types of projects, Regions should ensure that States meet the SRF MBE/WBE requirement through other projects.

Category 2: Projects where an SRF loan is used to provide the local share for funds obtained from other Federal programs (either EPA or another Federal Agency).

These projects would require Headquarters review to ensure that double-counting of MBE/WBE utilization does not occur across different Federal programs or Agencies. Headquarters may need to coordinate with other Agencies to determine if there is the potential for double-counting.

Category 3: Projects where an SRF loan is used to refinance strictly locally provided funds, i.e., no Federal funds from any source are involved.

These projects can count towards meeting the MBE/WBE requirement. As with other SRF loan projects, to count towards meeting the MBE/WBE requirement, States are required to document any MBE/WBE utilization in reports submitted quarterly to their Regions. Regions will review the State compliance during the Annual Review process.

If you have any questions concerning this issue, please contact me or Kit Farber at FTS 260-3973.

cc: George Mori, OSDDBU
SRF Coordinators, Regions I-X