



Nathan Deal
Governor

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark
Executive Director

July 6, 2015

Dr. Andrew Sawyers
Director
Office of Wastewater Management
U.S. Environmental Protection Agency
1200 Pennsylvania Ave NW
Washington, DC 20460

Re: Request for Public Interest Waiver of American Iron and Steel (AIS) Provision

Dear Dr. Sawyers:

The Clean Water State Revolving Fund (CWSRF) was founded on the importance of improving the quality of our nation's water, protecting aquatic life, source water protection, and ensuring the quality of our nation's water for recreational use. The purpose of the program was to sunset the construction grants program and transition to competitive, low-interest loan financing to communities and sewer districts for wastewater and water quality projects.

The Georgia CWSRF program has been incredibly successful. It's funded more than \$1 billion in wastewater infrastructure projects in both rural and urban areas of the state. These projects protect the environment, improve local streams and lakes, support economic viability, and save local government's money through attractive financing terms.

The Consolidated Appropriations Act of 2014 included the American Iron and Steel (AIS) provision for the CWSRF and the Drinking Water State Revolving Fund. The 2014 Water Resources Reform and Development Act (WRRDA) made the requirement for AIS implementation a permanent provision for the CWSRF program under section 608 of the Federal Water Pollution Control Act. The AIS provision, however, has an unintended and detrimental impact on small communities with a population of 10,000 or less including increased construction costs and a significant administrative burden. This impact translates to small communities not seeking CWSRF funding, but instead turning to funding sources such as USDA Rural Development (RD), the Community Development Block Grant (CDBG) program, or private financing.

CONSEQUENCE OF THE AMERICAN IRON AND STEEL PROVISION ON SMALL COMMUNITIES:

Increases project cost. The additional design and construction requirements coupled with the additional tracking and reporting paperwork could lead to additional costs surrounding the project. This cost increase may not appear to be significant when considered in light of other newly created requirements, such as fiscal sustainability planning, procurement of professional services, and wage rate requirements, but small and

often disadvantaged communities are disproportionately impacted when considering the administrative burden related to compliance.

Interest in the CWSRF amongst small systems has and will continue to decline. Infrastructure improvements funded in small communities by other sources such as bonds, RD and CDBG do not have AIS as a requirement thereby making those programs more appealing. Many of these alternative programs have a much longer application and funding process, which can result in delaying needed infrastructure improvements. Additionally, AIS impedes the state's ability to maximize the amount of funds it can lend, which may ultimately result in unliquidated obligations.

WAIVER REQUEST:

We believe the AIS provision negatively impacts the ability of small communities to access low-interest loans offered by the CWSRF and are detrimental to the viability of the CWSRF program. Therefore, the state of Georgia respectfully requests EPA to consider a public interest waiver of the AIS provisions for Georgia's CWSRF program to communities/systems with populations of less than 10,000 in accordance with Section 608(c)(1) of WRRDA.

Should you have any questions regarding this matter, please contact Jason Bodwell at 404-584-1129 or jason@gefa.ga.gov.

Sincerely,

A handwritten signature in cursive script that reads "Kevin Clark".

Kevin Clark



**STATE OF OKLAHOMA
WATER RESOURCES BOARD**

www.owrb.ok.gov

June 12, 2015

VIA ELECTRONIC MAIL

Dr. Andrew D. Sawyers, Director
Office of Wastewater Management
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Re: Request for Public Interest Waiver of American Iron and Steel Provisions

Dear Dr. Sawyers:

The Oklahoma Water Resources Board respectfully requests a public interest waiver of the American Iron and Steel Provisions contained in Section 608 of the Federal Water Pollution Control Act.

BACKGROUND:

The Clean Water State Revolving Fund (CWSRF) loan program was founded on the importance of improving our nation's water quality, protecting aquatic life, source water protection and ensuring our nation's water for recreational use. The purpose of the program was to sunset the construction grants program and transition to competitive, low interest loan financing for communities' and sewer districts' wastewater and water quality projects.

Oklahoma's water infrastructure financing programs have been incredibly successful, funding approximately 60% to 70% of the state water and wastewater infrastructure projects annually. Oklahoma provides financing to communities and rural water systems of all sizes. Projects funded protect human health and the environment; benefit farmers, landowners and watershed groups; improve local streams and lakes and support economic viability. Since the programs inception, the Oklahoma CWSRF has provided over \$1.2 billion in project assistance with a federal investment of approximately \$300 Million.

The Consolidated Appropriations Act of 2014 included the American Iron and Steel Provision for both SRF Programs. The 2014 Water Resources Reform and Development Act (WRRDA), made the requirement for American Iron and Steel a permanent provision for the Clean Water State Revolving Fund program under the Federal Pollution Control Act section 608. The American Iron and Steel provision, however, has an unintended and disparate impact on small



3800 N. CLASSEN BOULEVARD • OKLAHOMA CITY, OKLAHOMA 73118
TELEPHONE (405) 530-8800 • FAX (405) 530-8900

Rudy Herrmann, Chairman • Linda P. Lambert, Vice Chairman • Tom Buchanan, Secretary
Bob Drake • F. Ford Drummond • Marilyn Feaver • Ed Fite • Jason W. Hitch • Richard C. Sevenoaks



communities with a population of 10,000 or less including increased construction costs and a significant administrative burden. This translates into small communities not seeking funding from the Oklahoma CWSRF program and instead turning to funding sources such as USDA Rural Development (RD), Community Development Block Grants (CDBG) or private financing. It is notable that RD and CDBG funds do not impose American Iron and Steel requirements on the small programs that they serve.

CONSEQUENCE OF THE AMERICAN IRON AND STEEL PROVISION ON SMALL COMMUNITIES:

Increases project cost. The cost of design and construction of projects using AIS in Oklahoma is estimated to be approximately 3 to 4 %, however, it should be noted that based on our research domestic iron/steel products can cost over 70% more than those that are foreign made. While at face value this percentage increase per project may not appear to be significant, when considered in light of the larger picture and additional requirements placed on the CWSRF program, small and often disadvantaged communities are disproportionately impacted compared to medium and large systems that are able to spread the fixed administrative costs over a larger project.

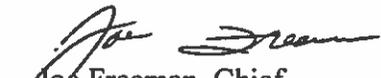
Interest in the SRF funding by small systems has and will continue to decline. Infrastructure improvements funded in small communities by other sources such as bonds, RD, and CDBG do not have AIS as a requirement thereby making them a more appealing financing option. According to service providers who work with water/wastewater systems, AIS is a significant consideration in the determination of which financing mechanism a system chooses to utilize. The result is that approximately 30% of the systems considering SRF financing chose another option which does not include AIS. The consequence is that many of systems delay or forgo needed infrastructure improvements.

WAIVER REQUEST:

We believe that AIS provisions negatively impact the ability of small Oklahoma communities to access the low-interest infrastructure loans offered by the SRF and are detrimental to the viability of the SRF program. Therefore, the Oklahoma CWSRF Program respectfully requests EPA to consider a public interest waiver of the American Iron and Steel (AIS) provisions for communities/systems with populations of less than 10,000 in accordance with Section 608(c)(1) of the Clean Water Act.

If you have questions or need additional information, please don't hesitate to contact me by phone at 405.530.8800 or email at joe.freeman@owrb.ok.gov.

Sincerely,


Joe Freeman, Chief
Financial Assistance Division

To: EPA Clean Water Program AIS Coordinator **Email:** cwsrfwaiver@epa.gov

From: Tim Wendland, Idaho SRF Manager

Subject: Request for a Waiver of American Iron and Steel Provisions

Date: May 7, 2015

As an assistance recipient, the State of Idaho respectfully requests the EPA to issue a public interest waiver of the American Iron and Steel (AIS) provisions for Idaho SRF Clean Water loans to communities with populations less than 10,000. EPA has authority to issue waivers in accordance with Section 608(c)(1) of the Clean Water Act and the AIS provisions extended by P.L. 113-235, the “Consolidated and Further Continuing Appropriations Act, 2015,” under the authority of Section 424(b)(1)¹. We maintain that the AIS provisions are not in the public interest as they are detrimental to the viability of the SRF and negatively impact the ability of small, rural Idaho communities to access the low-interest infrastructure loans offered by the SRF.

BACKGROUND: The sole mandate of the SRF is to offer competitive, low interest loans to Idaho communities for wastewater projects. The SRF was instituted recognizing the importance of the nation’s wastewater infrastructure to the vitality and health of the citizens of this country, while allowing systems to carry a reasonable debt burden while maintaining that infrastructure.

However, as a small rural state, the Idaho SRF is unfairly burdened by the AIS provisions which are not cost-effective for sub-recipients. In addition, the burden carried by Idaho’s small rural communities is disproportionate to the furtherance of promoting and protecting the national iron and steel manufacturing sector. The great majority of SRF loans are to small systems to whom it is essential to maintain a reasonable debt level. They are being forced to entertain funding sources other than lower-interest SRF loans due to AIS provisions introducing in projects:

- i. uncertainty in cost and availability of AIS construction materials;
- ii. uncertainty in the reliability and availability of AIS compliance documentation;
- iii. additional cost for obtaining and maintaining compliance documentation;
- iv. additional cost for materials inspection.

The impact of the AIS provisions will eventually result in restricting communities from equal access to the low-interest loans the SRF ordinarily would have been able to make available. By selecting funding sources not subject to AIS, small systems are forced to choose to increase their debt burden – *this is simply not in the overall public interest.*

In addition, removal of the AIS provisions for small rural systems eliminates a significant administrative burden in a large majority of loans (71%), while permitting those systems continued access to low-interest SRF loans, without a concomitant reduction in the quantity of AIS products associated with AIS compliance.

RECOMMENDATION:

The Idaho SRF requests the EPA waive the AIS provisions of SRF Clean Water loans for communities in the State of Idaho with populations less than 10,000.

¹ The provision states in part: “[the requirements] shall not apply in any case or category of cases in which the Administrator of the EPA...finds that...applying subsection (a) would be inconsistent with the public interest.”



Alabama Department of Environmental Management
adem.alabama.gov

1400 Coliseum Blvd. 36110-2400 ■ Post Office Box 301463
Montgomery, Alabama 36130-1463
(334) 271-7700 ■ FAX (334) 271-7950

June 9, 2015

VIA ELECTRONIC MAIL

Dr. Andrew D. Sawyers, Director
Office of Wastewater Management
United States Environmental Protection Agency
1200 Pennsylvania Avenue, N. W.
Washington, DC 20460

RE: Request for a Public Interest Waiver of American Iron and Steel Provisions

Dear Dr. Sawyers:

Please accept this request for a public interest waiver of the American Iron and Steel Provisions contained in Section 608 of the Federal Water Pollution Control Act.

Background:

The Clean Water State Revolving Fund (CWSRF) loan program was founded on the importance of improving our nation's water quality, protecting aquatic life, and securing public health. The purpose of the program was to sunset the construction grants program and transition to competitive, low interest loan financing to communities for wastewater and water quality projects.

The Alabama CWSRF has been a resounding success, providing over \$1.1B in project assistance with a federal investment of only \$400M. Communities in Alabama – large and small – rely on the CWSRF as the largest source of funding outside the private market.

The Consolidated Appropriations Act of 2014 included the American Iron and Steel Provision for both SRF Programs. The 2014 Water Resources Reform and Development Act (WRRDA), made the requirement for American Iron and Steel a permanent provision for the Clean Water State Revolving Fund program under the Federal Water Pollution Control Act, Section 608. The American Iron and Steel provision has an unintended and disparate impact on small communities with a population of 10,000 or less, resulting from increased construction costs and administrative expenses. This impact affects the Alabama CWSRF program by small communities not seeking funding and either delaying needed improvements or turning to more limited funding sources such as USDA Rural Development (RD) or private financing. It is notable that RD funding does not impose an American iron and steel requirement on the small communities it serves.



Dr. Andrew D. Sawyers
June 9, 2015
Page Two

Consequence of the American Iron and Steel Provision on Small Communities:

Increases project cost. The increased cost of design and construction of projects mandating AIS is as much as 20% or more, according to a recent survey of clients of the Alabama SRF. Coupled with other new conditions imposed by Congress on the SRF (such as wage rates, procurement of design professionals, and fiscal sustainability plans), small and often disadvantaged communities are disproportionately impacted compared to medium and large systems that are able to spread the fixed administrative costs over a larger project.

Projects will be delayed or not constructed at all. As communities seek out less burdensome financing options, they often find that their alternatives are limited. USDA and CDBG offer attractive terms but in comparison to the SRF their lending capacity is much smaller. Communities unable to receive subsidized financing find that market rates for bonds are prohibitive, if their credit is sufficient. Some communities will ultimately delay or cancel projects until they can find another source of funding.

Waiver Request:

We believe that AIS provisions negatively impact the ability of small Alabama communities to access the low-interest infrastructure loans offered by the SRF, and are detrimental to the viability of the SRF program. Therefore, the Alabama CWSRF Program respectfully requests EPA to consider a public interest waiver of the American Iron and Steel (AIS) provisions for applicants serving populations of less than 10,000, in accordance with Section 608(c)(1) of the Clean Water Act.

Should you have any questions regarding this matter, please contact Mr. Aubrey White of my staff at (334) 271-7711 or via email at ahw@adem.state.al.us.

Sincerely,



Lance R. LeFleur
Director

DOUGLAS A. DUCEY
Governor



SANDRA L. SUTTON
Executive Director

Water Infrastructure Finance Authority of Arizona
Arizona's water and wastewater funding source
1110 W. Washington Street, Suite 290, Phoenix, Arizona 85007 | azwifa.gov | (602) 364-1310

JUL 30 2015

July 22, 2015

Dr. Andrew Sawyers, Director
Office of Wastewater Management
U.S. Environmental Protection Agency
1200 Pennsylvania Ave NW
Washington, DC 20460

Re: Request for Public Interest Waiver of American Iron and Steel (AIS) Provisions

Dear Dr. Sawyers:

The Clean Water State Revolving Fund (CWSRF) was founded on the importance of improving the quality of our nation's water, protecting aquatic life, source water protection, and ensuring the quality of our nation's water for recreational use. The purpose of the program was to sunset the construction grants program and transition to competitive, low-interest loan financing to communities and sewer districts for wastewater and water quality projects.

The Arizona CWSRF program has been incredibly successful, providing more than \$1.3 billion in project assistance with a federal investment of only \$259 million. Communities in Arizona – urban and rural - rely on the CWSRF as the largest source of funding outside of the private market.

The Consolidated Appropriations Act of 2014 included the American Iron and Steel (AIS) provisions for the CWSRF and the Drinking Water State Revolving Fund. The 2014 Water Resources Reform and Development Act (WRRDA) made the requirement for AIS implementation a permanent requirement for the CWSRF program under section 608 of the Federal Water Pollution Control Act. The AIS provisions, however, have an unintended and detrimental impact on small communities with a population of 10,000 or less including increased construction costs and a significant administrative burden. This impact translates to small communities not seeking CWSRF funding, but instead turning to funding sources such as USDA Rural Development Rural Development (USDA), the Community Development Block Grant (CDBG) program, or private financing.

Consequence of the American Iron and Steel Provision on Small Communities:

Increases Project Costs. The additional design and construction requirements coupled with the additional tracking and reporting paperwork could lead to additional costs surrounding the project. This cost increase may not appear to be significant when considered in light of other newly created requirements, such as fiscal sustainability planning, procurement of professional

DOUGLAS A. DUCEY
Governor



SANDRA L. SUTTON
Executive Director

Water Infrastructure Finance Authority of Arizona

Arizona's water and wastewater funding source

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services, and wage rate requirements, but small and often disadvantaged communities are disproportionately impacted when considering the administrative burden related to compliance.

Interest in the CWSRF amongst small systems has and will continue to decline. Infrastructure improvements funded in small communities by other sources such as bonds, USDA and CDBG do not have AIS as a requirement, thereby making those programs more appealing. Many of these alternative programs have a much longer application and funding process, which can result in delaying needed infrastructure improvements. Additionally, AIS impedes the state's ability to maximize the amount of funds it can lend, which may ultimately result in unliquidated obligations.

Waiver Request:

We believe the AIS provisions negatively impacts the ability of small communities to access low-interest loans offered by the CWSRF and are detrimental to the viability of the CWSRF program. Therefore, the state of Arizona respectfully requests EPA consider a public interest waiver of the AIS provisions for Arizona's CWSRF program to communities/systems with populations of less than 10,000 in accordance with Section 608(c)(1) of WRRDA.

Should you have any questions regarding this matter, please contact me. Contact information provided below.

Sincerely,

A handwritten signature in black ink, appearing to read "S Sutton". The signature is fluid and cursive, written over a white background.

Sandra Sutton

Executive Director

Phone: 602-364-1310

Email: ssutton@azwifa.gov



Arkansas Natural Resources Commission



J. Randy Young, PE
Executive Director

101 East Capitol, Suite 350
Little Rock, Arkansas 72201
<http://www.anrc.arkansas.gov/>

Phone: (501) 682-1611
Fax: (501) 682-3991
E-mail: anrc@arkansas.gov

Asa Hutchinson
Governor

August 5, 2015

Reed
AUG 17 2015

Dr. Andrew D. Sawyers, Director
Office of Wastewater Management
United States Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

RE: Request for a Public Interest Waiver of American Iron and Steel Provisions

Dear Dr. Sawyers:

Please accept this request for a public interest waiver of the American Iron and Steel (AIS) Provisions contained in Section 608 of the Federal Water Pollution Control Act.

Background:

The Clean Water State Revolving Fund (CWSRF) program was founded on the importance of improving our nation's water quality, protecting aquatic life, and securing public health. The purpose of the program was to sunset the construction grants program and transition to competitive, low interest loan financing to communities for wastewater and water quality projects.

The Arkansas CWSRF has been a resounding success, providing over \$650 million in project assistance with a federal investment of only \$267 million. Communities in Arkansas - large and small - rely on the CWSRF as the largest source of funding outside the private market.

The Consolidated Appropriations Act of 2014 included the AIS Provision for both SRF Programs. The 2014 Water Resources Reform and Development Act (WRRDA), made the requirement for AIS a permanent provision for the CWSRF program under the Federal Water Pollution Control Act, Section 608. The AIS provision has an unintended and disparate impact on small communities with a population of 10,000 or less, resulting from increased construction costs and administrative expenses. This impact affects the Arkansas CWSRF program because small communities do not seek funding from the CWSRF or delay needed improvements or turn to more limited funding sources such as USDA Rural Development (RD) or private financing. It is notable that RD funding does not impose an American iron and steel requirement on the small communities it serves.

Consequences of the American Iron and Steel Provision on Small Communities:

Increased Project Cost. Arkansas has not been able to document the increased cost to the contractors for compliance with AIS. We have been able to document the additional costs the Consulting Engineers have passed on to their clients due to the oversight work they have to do to make sure the contractors comply with the AIS provision. Their contacts have averaged a 2% increase. This provision coupled with other new conditions imposed by Congress on the CWSRF (such as Davis-Bacon provisions, procurement of A/E services and Fiscal Sustainability Plans) mean small and often disadvantaged communities are disproportionately impacted compared to medium and large systems that are able to absorb the cost of the administrative requirements. In Arkansas, where there are only 30 communities over 10,000 out of the 500 incorporated towns and cities, the impact of the AIS provision cannot be overstated.

Delayed or Deferred Projects. We have noted communities seeking funding from less burdensome programs. They often find that these other options (USDA and CDBG) have limited funds available and a long list of applicants for their funding. Communities that investigate the possibility for private financing find that market rates are prohibitive, if their credit worthiness is high enough to interest the private market. The result is that these small communities delay or defer their projects while they wait for the type of funding they feel they deserve. That is the outcome we in Arkansas are trying to avoid and we need your help to do that.

Waiver Request:

I believe that the AIS provision negatively impacts the ability of small communities to access the low-interest infrastructure loans offered by the CWSRF and are detrimental to the viability of the CWSRF program. Therefore, the Arkansas Natural Resources Commission respectfully requests that EPA consider a public interest waiver of the American Iron and Steel provision for applicants serving populations of less than 10,000 in accordance with Section 608(c)(1) of the Clean Water Act.

Should you have any questions regarding this matter, please contact Mr. Mark Bennett of my staff at (501) 682-3978 or at mark.bennett@arkansas.gov.

Sincerely,



J. Randy Young, P.E.
Executive Director

JRY:MB:DF:ss