



# At a Glance

## **Inspection of the Sunnyvale, California, Water Treatment Project Funded by the Infrastructure Investment and Jobs Act to Verify Compliance with Domestic Preference Requirements**

### **Why We Did This Inspection**

#### **To accomplish this objective:**

The U.S. Environmental Protection Agency Office of Inspector General conducted this inspection to determine the extent to which an Infrastructure Investment and Jobs Act-funded water infrastructure project complies with federal domestic preference requirements.

In fiscal year 2022, the EPA awarded the California State Water Resources Control Board approximately \$127.3 million through an Infrastructure Investment and Jobs Act-funded Clean Water State Revolving Fund supplemental capitalization grant. The board entered into a financial agreement with the City of Sunnyvale to upgrade the city's water pollution control plant, referred to as the Sunnyvale Project. The Sunnyvale Project received the largest allocation of all Clean Water State Revolving Fund projects funded under the Infrastructure Investment and Jobs Act in fiscal year 2022.

Clean Water State Revolving Fund infrastructure projects must follow applicable domestic preference requirements, such as the American Iron and Steel provision of the Consolidated Appropriations Act, 2014 and the Build America, Buy America Act.

#### **To support this EPA mission-related effort:**

- *Compliance with the law.*

Address inquiries to our public affairs office at 202-566-2391 or [OIG.PublicAffairs@epa.gov](mailto:OIG.PublicAffairs@epa.gov).

[List of OIG reports.](#)

### **What We Found**

The Sunnyvale Project demonstrated compliance with federal domestic preference requirements. It did so by incorporating the requirements into grants and contracts, documenting approved waivers, and providing compliance documentation, such as certification letters, attesting that the applicable iron or steel products we reviewed were produced in the United States.

Project staff could improve compliance documentation by requiring that certification letters or supporting documentation contain more specific product descriptions. Project staff could also improve documentation by having manufacturers, rather than suppliers, provide certification letters or by ensuring that the location of specific manufacturing processes is included in all certification letters. The EPA's Office of Water provides guidance and trainings on the American Iron and Steel, or AIS, and the Build America, Buy America Act requirements. As such, the EPA has an opportunity to clarify the level of detail expected in AIS compliance documentation and the information that should be included in supplier-provided certification letters.

**Clarifying the level of detail required for AIS documentation is critical to ensure compliance with domestic preference requirements. Improving documentation will strengthen the EPA's oversight and reduce the potential for misuse of funds.**

### **Recommendations and Planned Agency Corrective Actions**

We recommend that the assistant administrator for the Office of Water develop and implement a plan to work with the California State Water Resources Control Board and the City of Sunnyvale to improve the Sunnyvale Project's AIS compliance documentation. We further recommend providing state revolving fund programs with more clarity by communicating (1) the specificity needed in the documentation used to demonstrate compliance with the AIS requirements and (2) that manufacturers, rather than suppliers, should provide certification letters, or, if permitted, that suppliers should include the location of specific manufacturing processes on certification letters they provide. The EPA agreed with our recommendations, which we consider resolved with corrective actions pending.