



Nathan Deal
Governor

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark
Executive Director

July 6, 2015

Dr. Peter Grevatt
Director
Office of Groundwater and Drinking Water
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. Grevatt:

The Drinking Water State Revolving Fund (DWSRF) was founded on the importance of providing low-cost financing for our nation's drinking water infrastructure and protecting public health. A secondary, but equally important goal of the program, is to provide funds to small and disadvantaged communities.

The Georgia DWSRF program has been incredibly successful. It's funded more than \$325 million in water infrastructure projects in both rural and urban areas of the state. These projects protect human health, 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 DWSRF and the Clean Water State Revolving Fund. 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 DWSRF 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. Some DWSRF applicants have claimed that design and construction costs have increased due to implementing the new AIS requirement. This new provision coupled with other new provisions imposed by Congress on DWSRF projects results in a disproportionate impact when considering the administrative burden related to compliance.

Interest in the DWSRF 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 the low-interest loans offered by the DWSRF and are detrimental to the viability of the DWSRF program. Therefore, the state of Georgia respectfully requests EPA to consider a public interest waiver of the AIS provisions for Georgia's DWSRF program to communities/systems with populations of less than 10,000 under the authority of Section 424(b)(1) of the Consolidated and Further Continuing Appropriations Act, 2015.

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 black ink that reads "Kevin Clark". The signature is written in a cursive style with a large initial "K".

Kevin Clark



SCOTT A. THOMPSON
Executive Director

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY

MARY FALLIN
Governor

July 2, 2015

VIA Electronic Mail

Dr. Peter C. Grevatt, Director
Office of Ground Water and Drinking Water
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. Grevatt:

Please accept this request from the Oklahoma Department of Environmental Quality for a public interest waiver of the American Iron and Steel (AIS) provisions contained in the "Consolidated and Further Continuing Appropriations Act, 2015."

BACKGROUND:

The Drinking Water State Revolving Fund (DWSRF) loan program was founded on the importance of providing low cost financing for our nation's drinking water infrastructure and to protect public health. A secondary, but extremely important, goal of the program is to ensure access to funds for small and disadvantaged community water systems.

The Oklahoma Department of Environmental Quality's DWSRF program has been a resounding success, providing over \$808 million in project assistance with a federal investment of less than \$261 million. Communities in Oklahoma – large and small – rely on the DWSRF as the largest source of drinking water infrastructure funding outside of the private market.

The "Consolidated Appropriations Act, 2014" included the AIS provision for the DWSRF which was continued in 2015. The provision has an unintended and disparate impact on small communities with a population of 10,000 or less, resulting from increased construction costs, administrative expenses, and perceived liability. This impact affects the Oklahoma DWSRF 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), Community Development Block Grants (CDBG), and private financing. It is notable that RD funding does not impose an American iron and steel requirement on the small communities it serves.

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

Increases project cost. The additional cost of design and construction of projects using AIS in Oklahoma is estimated to be approximately 5 to 10%. While at face value this percentage may not appear to be significant, when considered in light of the larger picture, small and often disadvantaged communities



are disproportionately impacted, especially when considering the administrative burden related to compliance.

Interest in DWSRF 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. The DWSRF program in Oklahoma has lost an estimated minimum of seven projects due to AIS requirements. The ultimate consequence is that many of these non-DWSRF programs have a much longer application and funding process, delaying needed infrastructure improvements which are essential for water quality and public health. A secondary consequence is that AIS impedes the state's ability to maximize the amount of funds they can lend which may ultimately result in unliquidated obligations.

WAIVER REQUEST:

We believe that the AIS provisions are inconsistent with the public interest, negatively impact the ability of small Oklahoma communities to access the low-interest infrastructure loans offered by the DWSRF, and are detrimental to the viability of the DWSRF program. Therefore, the State of Oklahoma respectfully requests the Environmental Protection Agency to grant a public interest waiver of the American Iron and Steel provisions for the Oklahoma DWSRF Drinking Water program to communities and systems with populations of less than 10,000 in accordance with 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).

Respectfully,



Shellie Chard-McClary

Water Quality Division Director

Oklahoma Department of Environmental Quality

To: EPA Drinking Water Program AIS Coordinator **Email:** dwsrfwaiver@epa.gov

From: Tim Wendland, Idaho SRF Manager

Subject: Request for a Waiver of the 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 Drinking 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 water projects. The SRF was instituted recognizing the importance of the nation’s water 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 Drinking 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. Peter C. Grevatt, Director
Office of Ground Water and Drinking Water
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. Grevatt:

Please accept this request for a public interest waiver of the American Iron and Steel Provisions contained in the Consolidated and Further Continuing Appropriations Act of 2015.

Background:

The Drinking Water State Revolving Fund (DWSRF) loan program was founded on the importance of providing low cost financing for our nation's drinking water infrastructure and to protect public health. A secondary, but extremely important goal of the program is to ensure access to funds for small and disadvantaged community water systems.

The Alabama DWSRF has been a resounding success, providing over \$400M in project assistance with a federal investment of less than \$200M. Communities in Alabama – large and small – rely on the DWSRF as the largest source of drinking water infrastructure funding outside the private market.

The Consolidated and Further Continuing Appropriations Act of 2015 included the American Iron and Steel Provision for the DWSRF. 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 DWSRF 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. Peter C. Grevatt
June 9, 2015
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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 DWSRF, 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 DWSRF, and are detrimental to the viability of the program. Therefore, the Alabama DWSRF 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 the "Consolidated and Further Continuing Appropriations Act, 2015," under the authority of Section 424(b)(1).

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