American Iron and Steel and Buy American Requirements – What You Need to Know

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STATE REVOLVING FUND
SRF Background

- Clean Water State Revolving Fund established in 1987
- Drinking Water State Revolving Fund established in 1996
- Highly successful Federal/State partnership to protect public health and the environment
- Designed to create perpetual source of financing for water infrastructure in each state
SRF Background, conti.

- Provide low-cost financing for much-needed water infrastructure
- States required to provide 20% match
- State implemented and operated
- Federal oversight
- Flexibility for states
- Cumulative federal appropriations
  - DWSRF: $20 billion
  - CWSRF: $43 billion
SRF Model

1. State Government

2. Capitalization Grant

3. State Match

4. Disbursements
   (upon request)

5. Cash to Pay Invoices

6. Loan Repayments

7. Bond Repayments

Bond Holders

Issue Bonds

Bond Proceeds
DWSRF Project Type Distribution

- **Treatment**: 33%
- **Transmission and Distribution**: 50%
- **Source**: 5%
- **Storage**: 7%
- **Other**: 5%
Funding Outlook

- **FY19 Funding**
  - Same as FY18 for SRF programs
  - CWSRF: $1,694,000,000
  - DWSRF: $1,164,000,000
  - WIFIA: $58,000,000

- **America’s Water Infrastructure Act of 2018**
  - Authorized amounts for DWSRF
    - FY19: $1.17 billion
    - FY20: $1.30 billion
    - FY21: $1.95 billion
SRF AMERICAN IRON AND STEEL REQUIREMENTS
AIS Background

"American Iron and Steel" provision requires assistance recipients to use iron and steel products that are produced in the United States for the construction, alteration, maintenance, or repair of a public water system or treatment works (Consolidated Appropriations Act of 2014 P.L. 113-76)

Water Resources Reform and Development Act made AIS permanent for CWSRF: June 10, 2014

America’s Water Infrastructure Act 2018 extended the AIS requirements for DWSRF projects through September 30, 2023: October 23, 2018
What is an Iron and Steel Product Under the AIS Requirement?

- **YES** Is the product primarily iron or steel?
- **YES** Is the product a listed product?
- **YES** Is the product permanently incorporated in the project?

If the product meets all the criteria above then it is an iron and steel product under the AIS requirement and must be produced in the United States.
Is the product “primarily” iron or steel?

- Products greater than 50% iron or steel, measured by material costs only
  - Not including labor, overhead, shipping, etc.
Is it a “listed” product?

- Lined or unlined pipes or fittings
- Manhole Covers
- Municipal Castings
- Hydrants
- Tanks
- Flanges
- Pipe clamps and restraints
- Valves
- Structural steel
- Reinforced precast concrete
- Construction materials
Is it permanently incorporated into the project?

- Products that are intended to be permanently installed at the project site, including:
  - Spare parts
  - Materials left in place or buried
    - Examples: sheet piling, bypass valves
Manufacturing and processing of iron or steel must occur in the U.S., including:

- Melting
- Refining
- Forming
- Rolling
- Drawing
- Finishing
- Fabricating
- Assembly

All processes must take place in the U.S., except:

- Steel additives refining
- External coating surface of iron/steel components
DOCUMENTING AIS COMPLIANCE
A letter asserting that all manufacturing processes for the purchased product occurred in the U.S.

Can be a Step Certification if there are multiple parties involved in the manufacturing processes.

- Step Certification means each handler (supplier, fabricator, manufacturer, processor, etc.) certifies their individual step(s) in the manufacturing process occurred in the U.S.
Certification Letter – Key Elements

- What is the product
  - The letter should list the specific product(s) delivered to the project site
- Where was it made
  - The letter should include the location(s) of the foundry/mill/factory where the product was manufactured (City and State)
- To whom was it delivered
  - The letter should include the name of the project and/or jurisdiction where the product was delivered
- Signature of company representative
  - On company letterhead
- Reference AIS requirements
  - Especially if reference other domestic preference laws
Do Other ‘Buy American’ Letters Work for EPA’s AIS Requirement?

- Short answer: No!
Sample Step Certification Letter

The following information is provided as a sample letter of step certification for AIS compliance. Documentation must be provided on company letterhead.

Date

Company Name

Company Address

City, State Zip

Subject: American Iron and Steel Step Certification for Project (XXXXXXXXXXX)

I, (company representative), certify that the (melting, bending, coating, galvanizing, cutting, etc.) process for (manufacturing or fabricating) the following products and/or materials shipped or provided for the subject project is in full compliance with the American Iron and Steel requirement as mandated in EPA’s State Revolving Fund Programs.

Item, Products and/or Materials:

1. Xxxx
2. Xxxx
3. Xxxx

Such process took place at the following location:

___________________________

If any of the above compliance statements change while providing material to this project we will immediately notify the prime contractor and the engineer.

Signed by company representative
AIS Certification – Common Mistakes

- Manufacturers not referencing specific project and product information
- Suppliers relying on ‘made in the USA’ stampings or stickers as proof of AIS compliance
- Misinformation regarding AIS compliance
- Manufacturers not referencing AIS requirements
WHAT’S NEW WITH AIS?
What’s New With AIS?

- Executive Order 13858 “Strengthening Buy American Preferences for Infrastructure Projects” signed January 31, 2019
  - 90 days – take action (end of April)
  - 120 days – report (end of May)
- Stainless Steel Nuts/Bolts waiver to sunset February 2020
  - Used in Pipe Couplings, Restraints, Joints, Flanges, and Saddles
  - Allows product manufacturer the use of non-domestic stainless steel nuts and bolts in certain specified products that are otherwise AIS compliant
What’s New With AIS? conti.

- Waiver process no longer stalled
  - Recently issued two waivers in less than 2 months
  - EPA has issued 80 waivers to date
  - Out of approximately 7,000 projects

- Informal site visits
  - Over 250 projects
  - 49 states
AIS RESOURCES
AIS Resources

- Dedicated Website

- Website Content
  - Implementation memorandum and subsequent Q&A documents
  - Training Materials
  - Waivers: waiver process, national waivers and project-specific waiver requests and decisions

- Email: SRF_AIS@epa.gov
THANK YOU!

AIS Questions:
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AIS Website:

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