

Small System Equipment Assistance (SSEA) Program

Cost Documentation Guidance

I. Background & Document Purpose

The [Small System Equipment Assistance \(SSEA\) program](#) provides 100% forgivable loan awards to community and nonprofit non-community water systems for small scale additions or replacement of equipment and instrumentation needed by small water systems to ensure continued operation and protection of public health.

The SSEA program is funded through the [Safe Drinking Water Revolving Loan Fund](#) (SDWRLF). The SDWRLF is Oregon's loan fund under the Drinking Water State Revolving Fund (DWSRF) program which is a federal-state partnership program supported by grants from the U.S. Environmental Protection Agency (EPA). This program is co-administered by Business Oregon and Oregon Health Authority (OHA).

Because the SSEA program includes federal funds, recipients must comply with certain federal requirements. This Cost Documentation Guidance covers the procurement of materials and contracted labor. This document is intended to assist applicants and recipients with budgeting for costs associated with these requirements. The information provided is for general guidance only and should not be interpreted as legal advice.

If the project budget includes other funds, note that all project activities must comply with SSEA program requirements, even if specific items or contracts are paid for with other funds.

For details about the SSEA program and eligible applicants and projects, see the SSEA program [Project Eligibilities Handout](#).

II. Overview of SSEA Program Application & Cost Documentation Requirements

Required Cost Documentation - To be eligible for funding, a water system's application must include cost documentation from equipment supplier(s) and, if applicable, contractor(s) as an attachment. The documentation can include pricing estimates, calculations, quotes, and notes that detail the estimated cost of the equipment and installation (if contracting for installation labor). Cost documentation needs to be recent (within the last 6 months).

- Recipients of SSEA program funding must comply with state procurement requirements for materials and contracted labor.
- Applications that do not include accompanying cost documentation will be deemed incomplete and not eligible for funding.
- If a contractor provides a cost estimate, at a minimum, the estimate should include:
 - Name of the company that provided the estimate
 - Name and contact information for lead individual responsible for the estimate
 - Date of the estimate
 - Project name and/or brief description of the project for which the estimate is provided
 - Itemized cost estimate which clearly describes the work to be accomplished

- For more information see Section III - Procurement Requirements.

American Iron and Steel (AIS) - AIS is a federal requirement that can apply to the purchase of some eligible equipment. AIS mandates that projects for construction, alteration, maintenance, or repair of a public water system or treatment works funded through the SSEA program use iron and steel products that were produced in the United States.

- If equipment is required to be AIS compliant, the cost documentation must indicate the ability to comply.
- The equipment supplier and/or manufacturer must be able to provide a manufacturer’s letter of certification that confirms the equipment complies with AIS.
- For more information on AIS compliance, see Section IV - AIS Compliance Q&A.

III. Procurement Requirements – Equipment and Labor

Procurement is the process of sourcing, agreeing to terms, and purchasing goods, services, or other works from an external source. For the SSEA program, procurement of equipment must adhere to state and federal requirements. See the [Oregon Procurement Manual Open Market Methods](#), or refer to legal counsel for more information.

The SSEA program awards up to \$20,000 in forgivable loan per project. Applicants are required to obtain, at minimum, one price quote or estimate to submit as the cost documentation with the application.

- The SSEA program allows applicants to request multiple pieces of equipment in the same application. If the equipment is sourced from multiple vendors, documentation from each vendor must be submitted.
- There is no requirement for the applicant to provide match funding for this program. If the applicant expects to include other funds, increasing the total project cost above \$20,000, then additional procurement requirements may apply regarding obtaining additional quotes or bids before applying.
- If other funds are needed to complete the project, these funds must be committed and available before contract execution with Business Oregon. (Note that the total project budget cannot exceed \$50,000 (including SSEA program funds plus all other funds).)

Receiving a funding award and execution of a contract under the SSEA program can take up to 6 months following the application submission deadline.

- Before receiving a funding award, the applicant should not conduct a full or formal procurement process (e.g., issuing an RFP or signing vendor contracts).
- Pre-award costs are not eligible for reimbursement under the SSEA program.
- It is recommended that the applicant include contingency of up to 10% of the equipment cost into the budget to account for cost changes from the time the application was submitted to the award.

Use of In-House Staff or “Force Account”: In-house staff and operators may perform the equipment installation or repairs, but these costs are not eligible for reimbursement under the program.

IV. Davis Bacon and Related Acts – Federal Labor Standards and Prevailing Wage Requirements

[Davis-Bacon and Related Acts \(DBRA\) requirements](#) apply to SSEA-funded projects. If the water system enters into a contract or subcontract related to the project that exceeds \$2,000 (total contract cost) and includes costs for laborers and mechanics performing construction, alteration, or repair work, including installation of equipment, this will trigger federal Davis Bacon and Related Acts (DBRA) labor standards requirements. If DBRA requirements are triggered, the water system is responsible for paying the appropriate state or federal prevailing wage rate, whichever is higher. Applicants will need to account for this in their application budget.

- The \$2,000 contract threshold is applicable to all funds necessary to complete the project, including matching funds, donated labor, or local funds.
- DBRA requirements flow down to all subcontractors, regardless of the amount of the subcontract.
- If applicable, submitted bid documentation must demonstrate that the costs for equipment installation reflects applicable prevailing wages (state or federal, whichever is higher).
- A funding applicant may not artificially divide or fragment a procurement with a single vendor to avoid meeting public procurement requirements or to avoid exceeding the \$2,000 threshold.
- DBRA does not apply to in-house staff and operators, but these costs are not eligible for reimbursement under the program. Water system personnel costs will need to be funded by the water system or other applicable co-funding.
- Complying with DBRA includes adhering to a variety of administrative requirements. Applicants may allocate a portion of their SSEA funding to retain a third-party consultant to assist with DBRA compliance.

V. American Iron and Steel (AIS) Compliance Q&A

1. How do I comply with the AIS requirement and what is a “certification letter”?

Complying with the American Iron and Steel (AIS) requirements means ensuring that certain products used in federally funded infrastructure projects that are made primarily of iron or steel are produced in the United States.

In order to ensure compliance with the AIS requirement, specific AIS contract language will be included in the funding contract with Business Oregon. Sample contract language will be provided to recipients to be included in the recipient’s subsequent purchase agreements and/or contracts.

Recipients of SSEA funds must obtain and maintain AIS certification letters asserting that all manufacturing processes for the purchased product occurred in the United States. These letters must be from the manufacturer but can be provided by the supplier. The letters must provide specific details to verify compliance with AIS requirements. To receive reimbursement under SSEA program, these letters must be available upon request from Business Oregon and provided with the proper request documentation.

To learn more about certification letters and what needs to be included, see EPA's 2020 Lunch and Learn Presentation: [AIS Certification Letters](#).

2. What products are subject to AIS?

All listed products that are primarily iron or steel products and will be permanently incorporated into the project must be domestically manufactured. See EPA's [American Iron and Steel Overview – Attachment 2](#) for an expanded Iron and Steel Products List.

The AIS requirement applies to **primarily iron and steel components** of a project, including:

- **Pipes and fittings** – Ductile iron pipes, steel pipes, and associated fittings.
- **Manhole covers, hydrants** – Includes municipal castings.
- **Pumps and pump-related equipment** – When made primarily of iron and steel.
- **Tanks** – When made primarily of iron and steel.
- **Valves** – Including gate valves, butterfly valves, and check valves.
- **Structural steel** – Beams, columns, plates, sheets, rebar. Steel for bracing and support.
- **Reinforced precast concrete** – If it contains steel reinforcement.
- **Construction materials** – Such as iron or steel beams, columns, rebar, and fasteners.
 - For more information on what might fall under “construction material”, see the EPA's 2021 Lunch & Learn Presentation: [AIS Construction Materials](#).

3. What is an appurtenance under AIS?

If an iron or steel item is considered an appurtenance to equipment it means that the item is a minor or auxiliary component of a larger piece of equipment, rather than a standalone iron or steel product. Examples of instances where this may occur are for the purchase of pumps, motors, and treatment units that are not primarily made of iron and steel.

Appurtenances attached to the equipment that are iron and steel (such as brackets, flanges, and bolts) do not trigger AIS requirements unless they are considered a significant structural or functional part of the project.

Examples of appurtenances to equipment:

- Brackets, mounts, and small supports attached to motors, pumps, or blowers.
- Bolts, nuts, washers, and screws that come pre-installed on equipment.
- Frames or housings that are an integral part of a manufactured unit.
- Bearings, shafts, and gears inside a pump or motor.
- Internal piping within packaged treatment systems.

4. What are some “Best Practices” for AIS Certification Compliance?

✓ Designate an individual associated with the project that is responsible for confirming applicable products are AIS compliant and that all necessary documentation is gathered and maintained in the project files.

- ✓ Secure confirmation from all manufacturers or suppliers that iron and steel products will be AIS compliant prior to purchasing projects.
- ✓ Include necessary AIS clauses in all contracts (clauses provided by Business Oregon).
- ✓ Maintain documentation in project records and submit with the disbursement request form to Business Oregon.
- ✓ Maintain a de minimis list of the incidental iron and steel products used in the project (see below question #8).
- ✓ Inspect all iron and steel items when delivered to ensure acceptable certification letters are provided with the items at the time of delivery. Maintain certification letters in the project file.
- ✓ Inspect the equipment when it arrives and prior to install to ensure there are no identifying factors that would indicate the item was not domestically produced (for example, a country-of-origin stamp from somewhere other than the United States).

5. What if I don't know exactly what equipment I need or how to find a supplier?

Some Technical Assistance (TA) providers are available to assist water systems with compliance with AIS. The Oregon Health Authority Circuit Rider Program is available to request assistance in identifying needed equipment and suppliers. Circuit Rider resources can be accessed at [OHA's Circuit Rider webpage](#). Rural Community Assistance Corporation (RCAC) is another TA provider available to help. See Appendix G of the [SDWRLF Program Handbook](#) for more about RCAC and contact information.

6. Where can I learn more about the American Iron and Steel requirement?

Visit the EPA's [AIS website](#) to learn more about the AIS requirement and to access additional Q&As and training materials.

7. Who can I contact to help locate an AIS compliant product or to ask questions about whether AIS applies to a particular piece of equipment?

EPA staff dedicated specifically to answering AIS questions are available. Any questions can be addressed to SRF_AIS@epa.gov. Any correspondence should be attached to application materials that are ultimately reviewed by Business Oregon. Common questions include requesting assistance in locating a domestic product, clarification requests about whether a particular iron and steel product is subject to AIS, questions about certification letters, or questions about the de minimis waiver.

8. What is the AIS De Minimis Waiver?

The AIS de minimis waiver allows recipients to use a small percentage of **incidental** iron and steel products in their project that do not have certification letters without violating AIS requirements. The total cost of all incidental iron and steel items **must not exceed 5%** of the total project materials cost. No **single** item under the waiver can exceed **1%** of the total materials cost. The waiver is meant to avoid unnecessary delays due to sourcing difficulties for small components. What is considered incidental depends on the purpose of the project.

These types of items are typically:

- Low-cost, low-quantity steel products that are not the primary focus of the project.
- Difficult to trace to a U.S. manufacturer.
- Not permanently incorporated in a way that would affect the project's functionality.

Examples of incidental iron and steel items:

- Small washers, screws, fasteners (i.e. nuts and bolts), miscellaneous wire ties, temporary construction aids (steel stakes), ancillary tube, etc.

Examples of what are NOT considered incidental:

- Significant process fittings (i.e. tees, elbows, flanges, brackets), distribution system fittings and valves, force main valves, pipes for water distribution, treatment and storage tanks, large structural support structures, etc. These items must be AIS compliant.

If a recipient seeks to utilize the de minimis waiver, they must document any de minimis products. Business Oregon will provide the recipient with an example of a de minimis tracking spreadsheet to assist in meeting documentation requirements.

9. What if I can't find an AIS-compliant product and I can't include it on the de minimis waiver?

If a water system needs a certain product of certain specifications for a successful project but can't find an AIS-compliant product and can't include it under the de minimis waiver (e.g. it's not incidental or it exceeds the cost limits), then the water system will likely need to request a project-specific waiver from the EPA. For the application, include a description of effort to find AIS-compliant materials and that the applicant understands they will need to comply with AIS. If awarded funds, Business Oregon will work with the community to pursue a waiver from the EPA if needed.

VI. SSEA Program Equipment Categories & AIS Applicability Examples

Eligible projects under the SSEA program can be broken into the following general categories listed below (see the [SSEA Project Eligibilities Handout](#) for more about each category). The recipient is responsible for ensuring compliance with AIS requirements, including verifying that all applicable iron and steel products used in the project meet AIS standards.

The following tables identify examples of equipment typically eligible under the SSEA program and their AIS applicability.

A. Treatment Equipment

Not Subject to AIS	AIS (must be domestic)
Chemical Dosing Pumps and Feed Equipment	Primarily Iron/Steel Chemical Tanks
Pump Calibration Equipment	Chemical Static Mixers (if purchased separately)
Plastic/Fiberglass Chemical Tanks	

B. Process Control

Not Subject to AIS
Flow Meters
Level Controllers
Streaming Current Monitors
Dose Control Modules
Flow Switch Controllers

AIS (must be domestic)
Flow Control Valves

C. Pressure Management

Not Subject to AIS
Booster Pumps
Non-Iron/Steel Pressure Tanks (e.g. fiberglass)

AIS (must be domestic)
Pressure Tanks (surge, expansion, hydropneumatics)

D. Monitoring and Instrumentation, Portable Lab Equipment, and Security/Emergency Preparedness*

Not Subject to AIS	
Chlorine Analyzers	Level Transmitters
Sensor Controllers	Turbidimeters
On-Line Turbidimeters	Colorimeters
Chart Recorders	pH Meters
Pressure Transmitters	Alkalinity Test Kits and Jar Test Equipment

** Items typically purchased under these SSEA Program categories are generally not subject to AIS requirements.*

E. Other Necessary Equipment - Equipment and instrumentation not listed may be considered but requires prior authorization by OHA.

Not Subject to AIS
Pumps – Not primarily made of iron or steel
Motors – Not primarily made of iron or steel

AIS (must be domestic)
Valves
Couplings
Yard Piping

Resources:

- For questions about the SSEA program, please contact the [Business Oregon Regional Development Officer](#) for your area.
- For assistance with applications or identifying needed equipment and supplies, please contact OHA’s [Circuit Rider Program](#).
- If you have additional questions, contact the OHA DWSRF Program at dws.srf@odhsoha.oregon.gov.