

Drinking Water State Revolving Fund

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 fund 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 by the U.S. Environmental Protection Agency through grants awarded to Oregon's [Safe Drinking Water Revolving Loan Fund](#). This program is co-administered by Business Oregon and Oregon Health Authority (OHA).

As this program is funded with federal grants, funding recipients must comply with certain federal requirements. This Cost Documentation Guidance is intended to assist SSEA applicants & recipients with compliance regarding procurement of materials and contracted labor. The information provided by agency staff is for general guidance only and should not be interpreted as legal advice.

For more details about the program and eligible applicants and projects, see the SSEA [program's eligibility handout](#).

II. Overview of SSEA Application & Cost Documentation Requirements

- **Required Bid/Cost Documentation** - To be eligible for funding, a water system's SSEA application must include cost/bid documentation from equipment supplier(s) as an attachment. It can include pricing estimates, calculations, quotes, and notes that detail the estimated cost of the equipment and installation.
 - Recipients of SSEA funding must comply with state and federal procurement requirements for materials and contracted labor.
 - SSEA applications that do not include accompanying cost/bid documentation will be deemed incomplete and not eligible for funding.
 - The water system may not enter into a contract or subcontract related to the project that exceeds \$2,000, which includes costs for laborers and mechanics performing construction, alteration, or repair work, including installation of equipment.
 - For more information see following section, "III - Procurement Requirements."
- **American Iron and Steel (AIS)** - AIS is a federal requirement that can apply to the purchase of some SSEA eligible equipment. AIS mandates that SSEA funded projects for construction, alteration, maintenance, or repair of a public water system or treatment works use iron and steel products that were produced in the United States.

- If equipment is required to be American Iron & Steel compliant, the bid documentation must indicate the ability to comply.
- The equipment supplier and/or manufacturer must be able to provide a letter of certification that confirms the equipment complies with AIS.
- Build America Buy America (BABA) does not apply to SSEA funded projects. BABA expands upon AIS requirements, as some federally funded projects are required to use not only iron and steel but also manufactured products and construction materials that were produced in the United States.
- For more information on AIS compliance, see following section, “IV - AIS Compliance Q&A”.

III. Procurement Requirements – Equipment and Labor

Procurement is the process of sourcing, and 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 may award 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.

- SSEA allows for water system applicants to request multiple pieces of equipment in the same application. If the equipment is sourced from multiple vendors, multiple bid documents 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 SSEA project cost above \$20,000, then additional procurement requirements may apply regarding obtaining additional quotes or bids before applying.
- Other funds needed to complete the project, such as if the project is expected to exceed \$20,000, must be committed and available before contract execution with Business Oregon.

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 this program.
- It is recommended that the applicant build 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.

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.

This program's guidelines are established so that projects will not trigger [Davis-Bacon and Related Acts \(DBRA\) requirements](#). DBRA requirements apply to federally funded projects if the recipient enters into a contract related to the project that is more than \$2,000 which includes construction, alteration, and/or repair costs – therefore, SSEA-funded projects must adhere to the following limits and restrictions:

- Under SSEA, the water system may not enter into a contract or subcontract related to the project that exceeds \$2,000, which includes costs for laborers and mechanics performing construction, alteration, or repair work, including installation of equipment.
- This \$2,000 cost labor limit is applicable to all funds necessary to complete the project, including match or local funds.
- This limit applies to any prime contract as well as subcontract under the project.
- If applicable, submitted bid documentation must demonstrate that equipment installation can be completed with contracted labor or installation costs less than or equal to \$2,000 to avoid triggering DBRA requirements.
- A funding applicant may not artificially divide or fragment a procurement with a single vendor to avoid requirements regarding the need to receive multiple bids or to keep contract amounts below \$2,000.
- In-house staff and operators labor costs do not apply to the above restrictions, but 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.

IV. 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 contract the recipient enters into 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 will come from manufacturers or suppliers and must provide specific details to verify compliance with AIS requirements. To receive reimbursement under SSEA, these letters must be available upon request from Business Oregon and provided with the proper request documentation.

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

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

- ✓ Require certification letters that include the proper AIS compliance details from all manufacturers and suppliers before purchasing products.

✓ Maintain documentation in project records and submit with the request for reimbursement from Business Oregon.

✓ Maintain a De Minimis list of the incidental iron and steel products used in the project (see below question #8).

✓ Inspect the equipment when it arrives to ensure there are no identifying factors that would indicate the item was not produced in the United States prior to install.

3. **What products are subject to AIS?**

All listed products that are primarily iron or steel products that 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](#).

4. **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.

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

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](#).

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

Visit the US Environmental Protection Agency's (EPA) [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 De Minimis waiver allows SSEA recipients to use a small percentage of incidental iron and steel products in their project 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.

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), misc. wire ties, temporary construction aids (steel stakes), ancillary tube, etc.

Example of what is 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 waiver, they must document any de minimus products. Business Oregon will provide the recipient with a de minimus tracking spreadsheet to assist in meeting documentation requirements.

V. SSEA Equipment Categories & AIS Applicability Examples

Eligible projects under SSEA can be broken into 7 general categories: Treatment Equipment; Process Control; Pressure Management; Monitoring and Instrumentation; Portable Lab Equipment; Security and Emergency Preparedness; and other necessary equipment. 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 generally eligible SSEA equipment 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	AIS (must be domestic)
Flow Meters	Flow Control Valves
Level Controllers	
Streaming Current Monitors	
Dose Control Modules	
Flow Switch Controllers	

C. Pressure Management

Not Subject to AIS	AIS (must be domestic)
Booster Pumps	Pressure Tanks (surge, expansion, hydropneumatics)
Non-Iron/Steel Pressure Tanks (e.g. fiberglass)	

D. The Monitoring and Instrumentation, Portable Lab Equipment, and Security/Emergency Preparedness categories under SSEA are generally not subject to AIS requirements.

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

E. Other Necessary Equipment - *Equipment and instrumentation not listed above 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.