

The White House
RURAL DEVELOPMENT INITIATIVES

MAKING WATER & SEWER PROGRAMS WORK

DECEMBER 1978



" I want the government that I lead to be the kind of government that will simply let the greatness of the American people be realized . . . I grew up near a small town, a town where people depended on the land for a living. We shared the pleasures of a country life. We want our children to have opportunities even we did not enjoy, and we want to be sure that future generations can see a nation that is strong and free, decent, honest.

That is why when I first came to Washington as President I was determined that the federal government would take certain stances, would help rural development, would help to overcome the problems that we share and make sure that there is a full partnership between Washington and the rest of the country in meeting the needs of small town and rural America. "

Jimmy Carter

WHITE HOUSE RURAL DEVELOPMENT INITIATIVE:
MAKING FEDERAL WATER AND SEWER PROGRAMS WORK

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NEW ADMINISTRATION INITIATIVES TO MAKE RURAL

WATER AND SEWER PROGRAMS WORK BETTER

This year the federal government will spend about \$2.5 billion to help small communities construct or upgrade their water and sewer systems. This sum is administered through a complex array of programs lodged in half a dozen agencies. The level of federal commitment reflects the acute need for improvement in the plight of the rural American in this area of basic human need.

- o 1.5 million rural Americans do not have running water in their homes;
- o 7.2 million rural people have dug wells or other water sources which do not meet safe drinking water standards;
- o another 6.5 million rural residents are served by community water systems which do not meet safe drinking water standards; and
- o more than 2.4 million rural Americans do not have adequate sewage disposal facilities.

Over the past several months, the White House reached out to public officials from small towns and rural counties, to rural and public interest groups in Washington, to members of Congress and others to seek help in defining a specific action agenda for the Administration in dealing with those rural concerns most on the minds of rural Americans -- not just those in Washington, D.C. Jack Watson and other White House and Administration representatives visited distressed rural areas around the country to supplement and field test what was heard from other sources. This outreach effort revealed a striking concensus on where to begin. The five areas requiring the most immediate attention were:

- o rural health care
- o rural water and sewer programs
- o rural transportation
- o rural housing
- o rural economic development

On the basis of the advice received from around the country specific action agendas were developed in each of these five problem areas and the relevant agencies were convened to implement them. In each case the working groups were given the mission of:

- o making federal programs more accessible and better suited to rural communities which frequently lack staff with "grantmanship" skills and the technical and management capacity to implement water and sewer systems;
- o improving the coordination of programs administered in different agencies;
- o eliminating unnecessary paperwork, duplication, and other federally imposed administrative burdens; and
- o making limited budgets stretch further through improved program efficiencies.

In collaboration with the Assistant Secretaries' Working Group and under the auspices of the Interagency Coordinating Council, the White House convened a water and sewer working group in June, 1978. The group was composed of representatives from the Environmental Protection Agency (EPA), the Farmer's Home Administration (FmHA) in the Department of Agriculture, the Department of Housing and Urban Development (HUD), the Economic Development Administration (EDA) in the Department of Commerce, the Department of Labor (DOL), the Council on Environmental Quality (CEQ), and the Community Services Administration (CSA).

In the intervening months since they were first brought together, the agencies have achieved some major agreements which are now ready for announcement. Described below, these agreements are directly responsive to the most frequently expressed concerns about federal activities in the rural water and sewer field. The new initiatives will:

- o ensure that water and sewer facilities are well suited to local community needs--in some cases this will mean using low cost technologies appropriately scaled for sparse populations; in others it will mean facilities which are adequate to meet long-term residential, commercial and industrial needs; in all cases it will mean a greater federal responsiveness to local circumstances and local initiatives;
- o save millions of dollars per year in reduced paperwork and administrative burden for small town and rural county applicants and recipients of federal assistance--for example, by imposing only one set of compliance requirements accepted by all funding agencies (rather than one set for each agency) for NEPA, the Clean Air Act, the Safe Drinking Water Act, the Endangered Species Act, Davis-Bacon, and 11 other federal laws;

- o save millions of dollars per year in eliminated administrative duplication among federal agencies--for example, it is estimated that FmHA alone can save \$1 million a year just by using EPA's needs survey data; and
- o speed up the processing time for applications and the time between applications and the completion of construction--for example, EPA estimates the average time involved in its three-step funding cycle in rural areas (approximately three years) will be reduced by 15 months; based on estimates made in a Clean Water Act Legislative report, this "speeding up" process resulting from the combination of Steps 2 and 3 will result in a savings of about \$250 million annually.
- o train 1750 workers in the water and wastewater treatment field to meet critical rural shortages in this rapidly expanding job market.

These outcomes are the result of agreements enacted regarding:

- o Coordination and Service Delivery
- o Job Training
- o Funding for the National Demonstration Water Project

The main elements of these three closely related initiatives follow.

Coordination and Service Delivery Agreement

The interagency agreement to coordinate and improve the delivery of Federal water and sewer programs is far-reaching and is expected not only to provide important efficiencies in the administration of these programs but to make them more accessible and better suited to small community and rural needs. Major features include:

- o Emphasis on alternative and innovative technologies in rural areas.

Emphasis will be given to "alternative and innovative" technologies in small towns and rural areas through intensified efforts to provide technical assistance and disseminate information about the technologies available (e.g., land treatment resulting in agricultural and silvicultural benefits, low cost vacuum and pressure sewers for sparsely populated areas, specialized systems such as mounds for disposing of septic tank effluent, on-site package treatment units for individual homes, aquifer recharge, reuse for industrial and other non-potable purposes, anaerobic digestion facilities to produce methane, and composting of sewage sludge). EPA's new "10% bonus" (85% grants)

for such technologies is expected to provide an effective incentive for their widespread utilization in rural areas. Besides the advantages noted in the above examples, alternatives to conventional treatment facilities can produce benefits in the form of lower capital and operating and maintenance costs.

o Single determinations of compliance with federal laws.

During the review of plans and specifications and of construction activities, communities are required to demonstrate or assure compliance with many federal requirements. Where communities are using funds from more than one federal source, there is no need to demonstrate compliance more than once. To fulfill the requirements of the National Environmental Policy Act of 1969, the agencies agree to conduct a single environmental review process, as allowed in the regulations of the Council on Environmental Quality. The participating agencies further agree to accept the demonstration or assurance of compliance for the requirements of some other 15 laws or executive orders of other agencies when permissible by statute. When there is a statutory basis for differences in agency requirements, agencies will work together to ensure that all requirements can be met through individual or coordinated review as appropriate.

o Coordination procedures for facility plan reviews.

When facility plans for communities less than 10,000 population are received by an EPA regional office for review, it will direct the facility plan to the relevant FmHA state office for review in terms of its financial impact and appropriateness for the community in question; FmHA will forward its comments to the EPA regional office within 30 days so that EPA can complete its review (technical, cost-effectiveness, environmental assessment, conformance with approved 208 plans). EPA and HUD may choose to review a facility plan and the FmHA/EPA comments on it as part of their project review and selection processes. Not only will these arrangements provide needed assistance to EPA in providing an overall review of facility plans it receives, but they will also facilitate and speed up joint funded projects. Communities will be encouraged to contact FmHA during the early development of their facility plans for comments prior to formal submissions.

o Common criteria for identifying high cost projects.

EDA, EPA, and FmHA will utilize common criteria to evaluate the financial impact of a proposed system on a community--criteria that define user costs in terms of projected operations and maintenance costs as well as debt service costs. For example, under the agreed upon criteria, a project will be regarded as "high cost" for communities whose median income is under \$6,000 when the average household user cost is more than 1.5% of the median household income. The adoption of common criteria for estimating high cost projects will facilitate coordination in joint funded projects and enable the agencies to work with communities to design systems that they can afford. FmHA is considering these criteria as a replacement of its modified one percent rule used to determine grant eligibility.

o Establishment of a joint agency data base for needs assessments.

A universal or joint agency data base for wastewater and drinking water treatment needs will facilitate the estimation of dollar needs for publicly-owned treatment facilities. The EPA biennial Needs Survey will be used as the initial data base for all agencies involved in funding rural facilities. From this Needs Survey, EPA will, upon request and with the assistance of the other agencies, separate data showing facilities that may be eligible for their programs. Agencies that request such data will reimburse EPA for the costs of listing, summarizing, and reporting the data. For future needs surveys (including those designed to assess the need for drinking water quality improvements), agencies may choose to work with EPA in developing criteria to record needs for facilities eligible for their programs. A common inventory of facilities will be an additional benefit of the joint agency data base.

o Demonstration of other administrative simplification and reform measures.

Since EDA and FmHA have the closest affinity in the methods used for project selection, funding and monitoring, the two agencies will conduct a six-month pilot demonstration in eight states of the following innovations and simplifications:

- adoption of a single application and project profile form;
- consolidation and streamlining of reporting and auditing requirements;

- utilization of the letter of credit as a payment method;
- adoption of standard requirements protecting communities in contracts with engineering and architectural firms;
- designation of "lead agency" arrangements for construction monitoring and inspections; and
- collaboration to assist communities in a pre-application conference to put together joint funding packages best suited to their particular needs (on behalf of HUD and EPA as well).

o More efficient use of the A-95 process.

The federal agencies will promote the use of the A-95 process as an additional means of identifying projects that may be eligible for funding under their programs. Provisions will be made for applicants to indicate at the time of submission their intention to apply for joint or combined funding from several federal agencies at specified steps. This will not only enable the concerned federal agencies to coordinate their efforts, but will also make it possible for the A-95 agency to conduct only one review of what are now treated as separately funded project elements.

o Periodic regional meetings of water/sewer agencies.

At least 120 days before the beginning of a new fiscal year and as often as needed, the agencies will meet regionally (through the Federal Regional Councils) to review the status of projects jointly funded, discuss potential future projects for joint or collaborative funding, exchange information, and review responsibilities and procedures for executing this interagency agreement.

o Manual on available assistance and how to apply.

A manual has been prepared by the working group describing the water and sewer programs that are available and the procedures to be followed by communities in applying for assistance. Copies have been printed and are available for immediate distribution to all rural communities. This manual is not a substitute for actual application for grant

and loan funds; rather it is intended to draw the interest of those small towns that may have water and sewer needs but have been reluctant or unable to determine which program or programs may be helpful to them.

o Joint agency training seminars.

Regional workshops for federal field personnel, state agencies, and other organizations involved in the delivery of water and sewer services will be held under the auspices of the Federal Regional Councils during the winter months of 1979. The purpose of these workshops is to implement the initiatives contained in the interagency agreement and to upgrade the skills of personnel involved in the delivery of programs at the regional, state, and local levels.

o Implementation of the Interagency Agreement

Where agencies have adopted procedures to implement the Joint Funding Simplification Act or OMB Circular A-111, they will seek out projects that will be suitable for joint funding and use those procedures. Other actions such as policy guidance to regional, district, or field offices; interagency agreements between corresponding district, regional, or field offices; and promulgation of additional procedures by Headquarters offices to support agreements contained in the agreement will be taken as appropriate for each agency's program. Where agency determinations and funding authority have been delegated to a state, the conditions of this agreement will be reflected in that delegation and the state will assume the responsibilities of coordination and cooperation outlined in the interagency agreement.

Job Training

The interagency effort also produced an agreement between EPA and DOL to conduct a pilot program for training 1,000 new workers in water and wastewater treatment occupations, and to upgrade the skills of approximately another 750 workers presently employed in the field. The agreement is significant not only because it provides job training for rural residents in an area of rapidly expanding employment opportunities, but also because the availability of a skilled work force is essential for the adequate operation of facilities. EPA recognizes that the shortage of a skilled work force to operate water and sewer facilities is a primary cause of non-compliance with environmental and health standards in many areas of the country.

Twelve states will be selected for the pilot training program based upon EPA projections of the amount of unmet demand for rural water and sewer employees. One thousand (1000) unemployed and disadvantaged rural residents in these states will receive new skill and on-the-job experience. Another 750 workers who have had some exposure in the relevant occupations through full or part-time employment will receive technical assistance and training to upgrade their skills.

EPA will contract with appropriate institutions within the states, the National Rural Water Association and the National Demonstration Water Project, to train these workers and provide needed technical assistance. DOL will transfer funds to EPA to support the effort. Under an existing contract from DOL, the National Governors Association will assist in the coordination and institutionalization of these pilot programs. In addition, the agreement calls for the placement of Job Corps graduates from rural areas into trained positions in rural water facilities in their home states. DOL will subsidize the salaries of the work experience trainees for up to 26 weeks under the Job Corps/industry work experience program and other programs under the Comprehensive Employment and Training Act. The total federal training expenditure for these purposes will approximate \$5 million annually.

Funding for the National Demonstration Water Project

EDA, EPA, HUD, and FmHA have agreed to provide \$2.8 million for fiscal year 1979 to support the National Demonstration Water Project (NDWP). NDWP is a network of 75 organizations working in 25 states to improve the delivery of water and sewer services to low-income rural residents.

The affiliated organizations include community action agencies, rural electric cooperatives, small town governments, neighborhood health centers, housing development groups, research and communications centers, and others. The NDWP grant will provide an opportunity for the several federal agencies involved in rural water and sewer projects to field test the kinds of reforms included in this initiative. NDWP has reorganized itself--hiring a new executive director and an in-house staff--to facilitate this experimental role and improve its feedback and evaluative capabilities.

OTHER RECENT ADMINISTRATION RURAL WATER
AND SEWER INITIATIVES

In addition to the initiatives announced today, numerous other steps have recently been taken by the Administration or by the Congress in response to Administration proposals to improve the delivery of water and sewer programs in small towns and rural areas. Some of the most significant of these are summarized below:

The Environmental Protection Agency (EPA)

- o For the first time, the Clean Water Act recognizes the construction of alternative and innovative treatment works for individual residences as an eligible purpose for construction grants funds; moreover, municipal bodies may undertake grants for these purposes to serve small nonprofit or commercial institutions as well as residential users.
- o EPA is in the process of preparing technical assistance training packages for elected officials and citizens involved in Step I facilities planning. These packages will provide local decision-makers the background necessary to assess the costs and benefits of various wastewater treatment options. They will also include information on water conservation, wastewater treatment processes, operation and maintenance problems, cost-effectiveness analysis, and innovative and alternative wastewater treatment systems. These technical assistance training packages will be available for use in rural communities from appropriate State and EPA offices by FY 80.
- o Under Section 205(g) of the Clean Water Act the State delegation provision -- up to 2 percent of a State's allotment may be set aside for management of the Construction Grants Program by the State. Part of this set-aside can be used by the States to manage grants for small communities if it so specifies in its delegation agreement. So far delegation agreements have been signed for Illinois, Texas, California, New Hampshire, and Wisconsin; New York is pending.

- o Grants for Steps 2 and 3 can be combined into one grant for communities of 25,000 or less population if the total estimated Step 3 cost is \$2 million or less (\$3 million in States with unusually high construction costs).
- o Rural States must set aside 4 percent of their allotment for alternatives to conventional treatment for communities with populations of 3,500 or less, or the sparsely populated areas of larger communities. Other States have the option of setting aside up to 4 percent of their allotments for this purpose.
- o Two EPA clearinghouses have been established: one on technology for small community systems and one on alternative and innovative technology.

The Farmers Home Administration (FmHA)

- o A plan has been implemented to restructure field operations to relieve the county office of the responsibility for the processing loans and grants in the community facilities, water and sewer, multi-family housing, and business and industry programs. FmHA districts within States are being realigned to correspond to sub-State planning and development districts to the degree feasible, and to enable FmHA to work in closer harmony with local goals and exercise greater local leadership in rural development. These district offices will have responsibility for processing the agency's water and sewer loans and grants.
- o The Agricultural Credit Act of 1978 increased the maximum allowable grant for FmHA water and waste disposal projects from 50 percent to 75 percent of grant eligible project development costs. This change will enable FmHA to provide higher levels of assistance to the most financially needy communities.
- o On July 13, 1978, FmHA and EPA signed a Joint Policy Statement relative to implementation of the Safe Drinking Water Act. The Act authorizes EPA to set and enforce national drinking water standards but did not provide funds to help water suppliers meet the standards. Most of the communities that will need additional water

treatment to meet the standards are in rural areas. Therefore, FmHA has agreed to give priority to applications for loan and/or grant assistance from such communities as part of its financial assistance programs for promoting orderly development in rural communities.

The Economic Development Administration (EDA)

- o EDA will change its regulations to enable a community to receive up to 80 percent total Federal funding for a jointly funded project. Existing EDA regulations restrict the total amount of Federal involvement for a project in which EDA participates to the percentage allowed by EDA for the redevelopment area (a percentage ranging from 50 percent to 80 percent). This change will enable communities to receive a larger Federal dollar amount for a project when EDA is involved.
- o Effective October 1, 1978, EDA has delegated approval authority for Title I Public Works project under \$500,000 to the Regional Office Directors. This delegation will shorten the time involved for the Federal government to make a funding decision on a project and make EDA more responsive to local government needs.

The Department of Housing and Urban Development (HUD)

- o In July, 1978, a HUD Task Force on Rural and Nonmetropolitan Areas recommended numerous administrative changes in the areas of housing and community development, which are now being considered for implementation. Demonstration projects are being conducted in the States of North Carolina and Washington to field test some of the Task Force's recommendations.
- o The Housing and Development Act of 1977 -- the Administration's first initiative in community development -- modified the use of discretionary balances for nonentitlement cities by creating the Small Cities Program. Funds under this program are used for community facilities, often water and sewer systems. Of particular benefit to small cities was the introduction of the multi-year commitment provisions which provide small

cities of an assured source of funds over a three year period to deal with their community development needs. Also of particular benefit was the Single Purpose Grants, with simplified application requirements, to permit smaller communities to deal with particular needs requiring comprehensive treatment. The Department also moved to substantially increase the size of individual grants to permit communities to deal with their needs in a substantive manner.

Federal Funding of Rural Water and Sewer Projects

These recent initiatives by Congress and the Administration have resulted in the flow of substantial -- and increasing -- dollars for water and sewer development in small towns and rural areas. The fiscal year 1979 budget for FmHA's loan and grant program for water and wastewater facilities in communities with populations of 10,000 or less is nearly \$1.2 billion. HUD's Small Cities budget is over \$800 million (as compared to \$420 million in FY 1977 and \$600 million in FY 1978). EPA is expected to award grants with a 75 percent Federal share totalling \$827 million in fiscal year 1979 to communities less than 10,000 population (assuming the current average grant level of \$340,000 per community -- a level that is conservative in view of the 85 percent grants now authorized for alternative and innovative technology). EDA's Title I funding for rural water and sewer projects has approximately \$44 million for each of the last three years. In all the Federal government will spend about \$2.5 billion in fiscal year 1979 on rural water and sewer projects.

Job Creation

Not only will these expenditures result in dramatically improved conditions of health and sanitation in many communities, they will also provide many new jobs. FmHA estimates that its fiscal year 1979 expenditures for water and sewer facilities will produce 16,318 year-long jobs during the construction of these facilities. For the construction of facilities that will be financed from funds provided by all the agencies, the total number of new jobs will run in the neighborhood of 35,000. When completed, these facilities will provide many permanent jobs as well.

BACKGROUND COMPARISON OF AGENCY PROGRAMS

Many of the differences in program administration addressed in these initiatives reflect the differing agency philosophies, program missions, legislative constraints and field structures which affect the implementation of water and sewer construction projects. In order to make clear the context in which these fundamental reforms have been crafted, the similarities and differences among agency water and sewer programs are summarized below.

Program Purposes

- o EPA's construction grants program, authorized by Section 201 of P.L. 92-500, provides money for the construction of municipal waste disposal systems primarily for municipal rather than industrial uses. These disposal systems are designed for the achievement of the goals of the Clean Water Act.
- o EDA's grant and loan programs applicable to water and sewer needs are designed to provide long-term economic development by attracting, retaining and/or expanding commercial and industrial activities in economically depressed areas.
- o FmHA's Water and Waste Disposal grant and loan program is designed to benefit residential and small commercial users--in many instances to provide water/sewer services for the first time. Its Small Industrial Development Grant Program provides money for industrial water and sewer development.
- o HUD's programs serve multiple development purposes. Its Small Cities Program is designed to help communities of low and moderate income to meet their needs in part by funding new water and sewer transmission facilities (not treatment plants). The Urban Development Action Grants (UDAG) program for smaller cities is primarily to stimulate private, commercial and industrial development and must be matched by larger amounts of private dollars.

Program Delivery

- o EPA relies almost entirely on its state counterparts to select and rank projects as well as to monitor the distribution of funds. This special relationship with the state is mandated by P.L. 92-500 (Clean Water Act). Associated with the project selection is a three-step application procedure involving planning, design and construction grants. However, a two-step procedure for small communities has recently been authorized when grants of \$2 million or less are involved. While EPA does retain review authority of the state priority list and controls certain financial activities, the major responsibility rests at the State level.
- o In contrast, FmHA, HUD, and EDA work directly with local communities through their regional offices and field representatives. These representatives--called County Supervisors and/or District Directors by FmHA, Economic Development Representatives by EDA, and Community Development Representatives by HUD--have frequent contact with the communities they serve.
- o While EDA does require that projects must conform with overall economic development plans, both FmHA and EDA generally tend to react to projects on a case-by-case basis as opposed to EPA's planned step-by-step basis and HUD's annual competitive selection process of scoring and ranking proposals. Of the four agencies, EDA and FmHA are most similar in the methods used for project selection, funding, and monitoring.
- o HUD's programs place much greater reliance on the local communities to identify needs and to design a program to meet those needs. Once a grant is awarded for the projects selected, the communities spend the money and monitor the activities with little oversight responsibility from HUD.

Other Similarities and Differences

- o HUD and EPA operate exclusively through grant programs whereas FmHA and EDA both have grant and loan authorities to fund water and sewer construction. However, while EDA rarely uses this loan authority, FmHA relies on it for the majority of its assistance.
- o EPA and HUD cannot directly fund non-profit groups whereas EDA and FmHA can.
- o EPA does not use a preapplication form because of the State role but relies instead on a preapplication conference. By contrast, HUD, FmHA, and EDA all use the standard OMB preapplication form.

- o HUD uses a preapplication form for ranking and selecting projects and therefore obtains considerably more information for project selection than the other agencies.
- o EPA cannot fund water transmission lines or water treatment facilities whereas the other three agencies can. HUD cannot fund wastewater treatment facilities.
- o The grant rate for EPA funding is set at 75 percent (or 85 percent for innovative or alternative facilities); EDA's ranges from 50 percent to 80 percent (with some waivers up to 100 percent); FmHA's limit is 75 percent, with loans available up to 100 percent; and HUD's is 100 percent.

INTERAGENCY AGREEMENT
TO IMPROVE THE COORDINATION AND DELIVERY
OF FEDERAL WATER AND SEWER PROGRAMS

I. PURPOSE

The purpose of this interagency agreement is to improve planning of water and sewer projects for rural areas in the United States while yet allowing and promoting the continuation of agriculture and other rural land uses. Such planning should take into account the smaller service areas, fewer governmental entities and greater opportunities for innovative and alternative solutions present in rural areas. It should recognize that agriculture is the mainstay of many of these areas and encourage solutions that will not threaten farmland with urban sprawl or lengthy and costly capital facilities but will instead recycle nutrients and other resources back into agricultural operations. It should recognize the complementary nature of urban and rural concerns, and as such this agreement will further the coordination of national rural and urban policy.

The Federal agencies most active in providing grants or loans to small, rural communities for the development of water and sewer facilities are agreed that duplication and repetition of administrative and programmatic requirements are obstacles to achieving their respective program goals. They are also agreed that funds can be distributed more efficiently and better project selection can be achieved by coordinating and streamlining application procedures and project review or monitoring requirements. Finally, they are agreed that greater interagency coordination and more active programs of information and technical assistance will make more rural communities aware of the funding opportunities and other forms of assistance available to them for the development of water and sewer systems.

To achieve these goals, the Environmental Protection Agency (EPA), Farmers Home Administration (FmHA), Economic Development Administration (EDA), Department of Housing and Urban Development (HUD), and Community Services Administration (CSA) agree to implement in the manner described below measures for coordination and streamlining the review and approval of water and sewer grants or loans to small, rural communities.

II. ACTIONS

A. Rural communities, by nature of their size, density, and activity patterns, have different requirements for water and wastewater treatment facilities than urban communities. Alternatives to conventional treatment facilities that may have lower per capita capital and operating costs and require less sophisticated technology and skill to operate will be encouraged by EPA, FmHA, EDA, HUD, and CSA.

1. Information and technical assistance in the area of innovative and alternative technology and its applicability to a small community's needs will be disseminated. Specifically, the use of land treatment as an alternative technology to promote agricultural land uses will be emphasized. Similarly, technologies which will promote recreation-oriented development in rural areas will also be emphasized. Also, water conservation techniques and low cost on-site disposal methods will be promoted as solutions to rural water and sewer problems.

2. EPA will encourage the application of eligible projects for the 85 percent grant permitted for such projects under section 202(a)(2) of the Clean Water Act.

3. FmHA, EDA, HUD, and CSA will also, where appropriate, encourage such projects over more conventional solutions.

B. A regular exchange of information between all agencies involved in funding a project can be beneficial to applicants and agencies. EPA, FmHA, EDA, CSA, and HUD agree to meet periodically during each year using the Federal Regional Councils.

1. They will review the status of projects being jointly or concurrently funded, discuss future potential projects in common, and exchange information on current and new administrative or substantive procedures or requirements.

2. They will also review action items such as one-year priority or project lists to identify combined funding possibilities, existing project lists to identify overlapping projects or funding, and construction and inspection schedules to identify areas for coordination.

3. One of these meetings will take place at least 120 days before the beginning of a new fiscal year.

4. They will also encourage regular meetings between their respective State level agencies for similar purposes of coordination.

C. In addition to facilitating application and disbursement of funds for rural water and sewer projects, EPA, FmHA, EDA, HUD, and CSA recognize the need for continued efforts to inform communities of the range of funding and other assistance available to them.

1. A manual describing how to obtain Federal grants for water and sewer facilities has been prepared and will be distributed by the agencies. The purpose of the manual will be to introduce communities to the opportunities for assistance available to them at an early stage and to allow communities to explore the potential applicability of these programs before they progress too far in development of a project on their own.

2. Joint training seminars for Federal field personnel, State agencies and other organizations involved in the delivery of water/sewer services will be held under the aegis of the Federal Regional Councils to inform participants of these steps to promote coordination and streamlining of delivery of funds, and to encourage other formal and informal efforts to achieve these goals.

D. The establishment of a universal data base for national wastewater disposal and treatment needs to be used by EPA, FmHA, EDA, HUD and CSA.

1. A universal data base for wastewater treatment needs will facilitate the estimation of dollar needs for planning and construction of publicly-owned wastewater treatment facilities. The EPA biennial Needs Survey will be used as the initial data base for all agencies involved in funding rural facilities.

2. From the Needs Survey, EPA will, upon request and with assistance of the other agencies, separate data showing facilities that may be eligible for their programs. Agencies that request such data will reimburse EPA for the costs of listing, summarizing and reporting the data.

3. For future Needs Surveys, agencies may choose to work with EPA in developing criteria to record needs for facilities eligible for their programs that can be used in the collection of data. These agencies will share the costs for survey development, data collection and analyses and information dissemination based upon the number of added facilities and data elements included in the Needs Survey as a result of their eligibility determinations.

E. The A-95 process of review by clearinghouse agencies will be more efficiently used by communities and the funding agencies of EPA, CSA, FmHA, EDA and HUD.

1. When a notification of intent to apply for grant funds is submitted to the clearinghouse(s), it should also indicate at that time the intention to apply for joint or combined funding of the project at specified steps and identify the prospective assisting agencies.

2. When more than one agency is funding a project, the A-95 agency need conduct only one review of the actual project for each step which will meet the A-95 requirements for all agencies involved.

3. Federal agencies will promote the use of the A-95 process and the Water Quality Management Planning process under section 208 of the Clean Water Act as an added means of identifying projects that may be eligible for funding under their programs.

4. Federal agencies will encourage clearinghouses to use the A-95 process to evaluate the rural and urban impact of projects developed under the framework of this agreement.

F. A pilot demonstration program designed to improve coordination and upgrade the assistance provided to rural communities for water and sewer needs will be initiated by FmHA and EDA.

1. For purposes of this pilot program, the States of Iowa, Nebraska, Kansas, Missouri, Oklahoma, Arkansas, Louisiana and Texas will be involved. The program shall cover a six month period starting with the date of execution of this agreement and will apply to projects funded by FmHA and EDA together through loans, grants or a combination of these funding sources and/or in cases where advisory services to communities are provided by FmHA and EDA.

2. FmHA and EDA will, when appropriate during their initial consultation with local communities, involve the expertise and resources of EPA, of its State counterpart, and HUD. This involvement will include the use of EPA's Needs Survey where appropriate, and consideration of the consistency of the proposed project with an applicable approved 208 plan or ongoing 208 planning at the State or local level, as may be appropriate.
3. The funding source and participation rates of the respective agencies for projects will be determined on a case-by-case basis based on the relative needs of the area and on the merits of the project to be assisted in accordance with existing FmHA and EDA rules and regulations and relevant agreements between the agencies.
4. The lead agency responsibility for a project will be determined on a project-by-project basis but will generally follow the principles set forth and agreed to by FmHA and EDA in existing memoranda of understanding.
5. The implementation of this demonstration program will cover both the project planning and selection phase as well as construction and monitoring phase.
6. FmHA and EDA will adopt and use a new project profile format which will provide a screening procedure for project selection. This profile will also identify the potential for use of CETA sponsored employees on the operation of the facility.
7. FmHA and EDA will use one application form.
8. FmHA and EDA will help control project costs by
 - a) agreement to a fixed price or cost ceiling for engineering fees and
 - b) requirements that any additional design work by the engineer required because of errors or omissions by the engineer shall be at no additional charge to the community.
9. FmHA and EDA will consolidate and streamline reporting and audit requirements associated with their programs where feasible.

10. The primary responsibility for implementation of this agreement will be at the field level between FmHA's District Directors and State Directors and EDA's Economic Development Representatives and Regional Directors.

11. FmHA and EDA will continue their cooperative efforts in the areas of construction monitoring and inspection, audits and disbursements. EPA and HUD will monitor the results of these efforts to determine the advisability of applying them to their own programs.

12. A summary of the procedures to be followed by FmHA and EDA in implementing this demonstration program is attached.

G. In the review of proposed water and wastewater projects the same criteria will be used by EPA, EDA, and FmHA to evaluate the financial impact of the proposed system upon the community.

1. A project shall be identified as a high-cost project when the projected debt service and operation and maintenance portions per average household user cost are:

- 1.5 percent - median household income is under \$6,000.
- 2.0 percent - median household income is \$6,000-\$10,000.
- 2.5 percent - median household income is over \$10,000.

2. In combined funding projects, the identification of a project as high-cost will be made by EPA in the review of facility plans if EPA is involved or else by FmHA if it is involved in latter stages. These agencies will inform the community and other participating agencies of this determination.

3. Agencies will work with the community to either change the scope or redesign the project to achieve lower user costs or until they are assured that the community is aware and willing to undertake the costly project.

H. EPA and FmHA will coordinate with each other on the review of facility plans. These facility plans will also serve to the extent possible as the feasibility report required by FmHA in their grant or loan reviews. However, FmHA may under these provisions receive facility plans to review prior to receiving a formal application for their grant/loan program or even from communities in rural areas who will not be applying for any FmHA assistance. EDA and HUD may choose to review a facility plan and the EPA-FmHA comments on it as part of their project review and selection processes. The procedure to incorporate review by EPA and FmHA will be as follows:

1. Communities will be directed to contact FmHA during the development of their facility plan to receive informal comments before the plan is finalized and submitted for review.
2. The regional offices of EPA receive facility plans to review after review by the State water pollution control agency. A copy of all facility plans for communities with less than 10,000 population will, upon receipt by EPA regional office, be sent to the appropriate FmHA State office.
3. FmHA will review these facility plans in terms of:
 - a. financial impact of the selected alternative upon the community;
 - b. their experience with small alternative systems.
4. FmHA will review the plans within 30 days and will return their comments to the EPA regional office.
5. EPA will do the in-depth technical review of the facility plan as well as review for other EPA requirements such as cost-effectiveness, environmental effects and conformance with applicable approved 208 water quality management plans.
6. EPA will incorporate FmHA comments into its own review and when appropriate convey them to the community in the official EPA response to the facility plan.

7. For projects that are receiving funding from EPA and FmHA, EPA shall be determined the lead agency for assessing environmental impact and determining whether an environmental impact statement (EIS) under the provisions of the National Environmental Policy Act is required. If an EIS is required, it will be the responsibility of EPA to have one prepared.

8. This agreement will expedite the review of grant/loan applications by both agencies. However, review by FmHA under these provisions does not guarantee the approval of a grant or loan and does not preclude additional review by FmHA during formal review of an application. The review is for the purposes of assisting EPA and in no way does it assign responsibility for EPA funded projects to FmHA.

1. During the review of plans and specifications and of construction activities, communities are required to demonstrate or assure compliance with many Federal requirements. Where communities are using funds from more than one program that may have identical compliance requirements, there is no need to demonstrate compliance more than once. To fulfill the requirements of the National Environmental Policy Act of 1969, EPA, FmHA, EDA, HUD, and CSA agree to conduct a single environmental review process, as allowed in the regulations of the Council on Environmental Quality. The participating agencies agree to accept the demonstration or assurance of compliance for the requirements of the following laws or executive orders when they apply in an identical manner to the programs of each agency as permissible by statute. When agency regulations differ in requirements for compliance, agencies will work together to ensure that all requirements are through individual or coordinated review as appropriate.

1. Uniform Relocation and Real Property Acquisition Policies Act of 1970;

2. Civil Rights Act of 1964, Civil Rights Act of 1968, Executive Order No. 11246;

3. Davis-Bacon Fair Labor Standards Act;

4. The Contract Work Hours Standards Act;

5. The Copeland (Anti-Kickback) Act;

6. The Hatch Act;
7. The Coastal Zone Management Act of 1972;
8. The Historical and Archaeological Data Preservation Act;
9. The National Flood Insurance Act of 1968 as amended by the Flood Disaster Protection Act of 1973 and regulations and guidelines issued thereunder;
10. The Wild and Scenic Rivers Act of 1968;
11. The Endangered Species Act of 1973;
12. The Clean Air Act;
13. Executive Order No. 11988 on floodplains management;
14. Executive Order No. 11990 on wetlands protection;
15. The National Historic Preservation Act of 1966 and Executive Order No. 11593;
16. The Safe Drinking Water Act of 1974.

III. IMPLEMENTATION

A. EPA, FmHA, EDA, HUD, CSA and DOL shall take a variety of actions to implement this agreement in the most direct manner.

1. Where agencies have adopted procedures to implement the Joint Funding Simplification Act, or OMB Circular A-111, they will seek out projects that will be suitable for such joint funding designation and use those procedures.
2. Other actions such as policy guidance to regional, district or field offices; interagency agreements between corresponding district, regional or field offices; and promulgation of additional procedures by Headquarters offices to support agreements contained herein will be taken as identified appropriate for each agency's program.

3. Where agency determinations and funding authority have been delegated to a State, the conditions of this agreement shall be reflected in that delegation and the State will assume the responsibilities of coordination and cooperation outlined within this agreement.

Douglas Costle
Administrator
Environmental Protection Agency

Juanita M. Kreps
Secretary
Department of Commerce

Robert S. Bergland
Secretary
Department of Agriculture

Patricia R. Harris
Secretary
Department of Housing and
Urban Development

Graciela Oliveriez
Director
Community Services Administration

F. Ray Marshall
Secretary
Department of Labor

Witness:

Charles Warren
Chairman
Council on Environmental Quality

IMPLEMENTING PROCEDURES FOR DEMONSTRATION PROGRAM
FOR RURAL WATER AND SEWER ASSISTANCE

This section will briefly describe the procedures to be used by FmHA, EDA, EPA* and HUD for assisting rural communities in identifying their water/sewer needs and funding projects to meet those needs. These general guidelines will be supplemented by more detailed procedures which the individual agencies will develop. The participating agencies feel that the following procedures will allow for a thorough examination of the overall opportunities and problems of rural communities from both a residential and economic development standpoint. This will include involvement between FmHA and EDA with the support and cooperation of HUD and EPA in the initial application stages and more effective use of the resources and expertise of all agencies to assist rural communities.

It was agreed that EDA and FmHA have the most administrative flexibility in terms of project selection and the most similarity in dealing with rural communities on water and sewer projects. The commonality of FmHA and EDA programs concerning rural communities is reinforced when one recognizes these two agencies have a 12-year history of working together to improve the economic, commercial and residential health of rural America. Therefore, although EPA and HUD provide substantial assistance to rural America, it was felt that FmHA and EDA should assume the lead role in working closely with rural communities in the initial stages of water and sewer construction assistance.

The implementation of these procedures will take place in the following demonstration area for initial testing purposes - Iowa, Nebraska, Kansas, Missouri, Oklahoma, Arkansas, Louisiana and Texas. The demonstration effort shall cover a 6-month period beginning 15 days following the date of execution of the preceding agreement.

A. Eligible Applicants: The special procedures developed for joint assistance apply to projects proposed by entities which are eligible to receive funds under all agencies programs (initially for those States identified for the demonstration effort). Therefore, this initiative will apply only to local governments with jurisdictions of less than 10,000 population and only for water and sewer construction.

B. Initial Inquiries: Inquiries for funding assistance from either FmHA and EDA are first directed to the local Federal representative of those agencies. Upon receiving an inquiry from an applicant for a water or sewer project, the field representative of either agency will discuss

- o the needs of the community;
- o the purpose of proposed project as presently defined;
- o the funding sources identified to date; and
- o the relationship to the State EPA plans and requirements.

From this discussion with the local government official the Federal field representative will complete a Profile for Water and Sewer Assistance (Attachment 1). This form has been developed as a common FmHA/EDA form.

C. Agency Review: When a field representative from either agency has a completed profile, the representative will forward it to his/her counterpart in the other agencies and the Economic Development District.

Each agency will review the profile in accordance with their programmatic requirements and expertise, organizational structure and procedures. The resulting comments will set forth the views of the respective agencies on the proposed project including an opportunity to

- o offer advice on the scope of proposed project and its ability to meet all of a community's residential, economic development, and environmental needs, both present and future;
- o determine the appropriate funding source or sources and define the dollar amounts; and
- o suggest modifications and alterations to the proposal to better meet regional needs.

The review of the project profile by the various agencies will be completed within three weeks and if appropriate a preapplication conference scheduled.

D. The Preapplication Conference For Jointly Funded Project:

A. Purpose:

The preapplication conference is an extremely important step in the process for it is here that the Federal agencies and the applicant meet together in order to discuss the project in detail. The result will be to define a specific facility which reflects the needs of the area in terms of its residential, commercial and economic development growth potential. This discussion will focus not only on the particular project but also the immediate and long-term needs of the community and may include such areas as use of waste disposal for agricultural purposes and expanded recreational opportunities. It is also important at this time to discuss the environmental factors associated with the proposed project. At least one week before the scheduled preapplication conference, EDA's environmental information form will be filled out and reviewed by the regional environmentalist from EDA who will also participate in the meeting if necessary. This involvement will not only provide for a more comprehensive discussion of the project, but also will allow for an early indication whether or not an Environmental Impact Statement will be necessary.

The participants of the preapplication conference may include

- o Representatives of the proponent, e.g. the local government officials, the Architect/Engineer, and the attorney.
- o Representatives of the Federal agencies, EDA (including regional environmentalist as appropriate), FmHA, HUD and EPA.
- o Economic Development District staff where relevant.

During the conference, the following topics will be discussed;

- o Scope of the project
- o Financing
- o Lead agency determination
- o Other appropriate items

E. Authorization of Application: Unless there are any major problems identified, an application will be authorized during the preapplication conference. In order to reduce the time and steps involved the Preapplication form will not be used since the Profile review will obviate the need for that step.

The standard OMB Circular A-102 Application form for construction projects, as printed by FmHA, will be used by EDA and FmHA. The applicant will complete only one application for these two agencies.

However, because each agency has unique statutory requirements, supplemental information will be requested of the applicant by each agency as necessary.

The applicant will then submit a copy of the joint application to the A-95 clearinghouse for a single review.

Each agency will review and process the application and any additional materials, and within 60 days of receiving a complete application, make a final decision to approve or disapprove the project. The two agencies will notify each other of their decision prior to making official announcements.

F. Environmental Impact Statement: Once an application is authorized, but prior to its acceptance, the environmental review must be completed. If this review determines that an Environmental Impact Statement (EIS) is needed, the applicant will be notified. The application will not be accepted until the EIS is completed. The applicant will be made aware of any modifications to the project that may be necessary depending on the analysis and findings contained in the EIS.

G. Approval Announcement: It is important for the purposes of this demonstration program and for the participating agencies that the announcement of the project approval be coordinated. Therefore, the lead agency will prepare a joint press release to be approved by the other agency and coordinated by the respective Congressional liaison offices and public relations staff.

H. Project Construction and Monitoring: Once a project has been approved, it is incumbent upon both agencies to continue their cooperative efforts in the area of construction monitoring, audit reports and construction inspections. Therefore, procedures will be adopted to ensure that the appropriate post construction activities are coordinated and streamlined including reporting requirements and disbursement procedures.

INTERAGENCY AGREEMENT
Between
The U.S. Department of Labor
and
The U.S. Environmental Protection Agency

I. Purpose

The purpose of this Interagency Agreement is to provide for a cooperative relationship between the U.S. Department of Labor (DOL) and the U.S. Environmental Protection Agency (EPA), in order to offer job opportunities and training for 1,000 rural disadvantaged and underemployed persons, and 500 currently employed rural water/wastewater treatment operators, to meet workforce needs in the water/wastewater industry, and to provide for the transfer of funds from DOL to EPA.

Underemployment is a chronic problem in many rural areas across the Country. The Department of Labor is leading a search for job opportunities in industries in rural areas.

The water/wastewater industry in rural areas provides opportunities for jobs in public and private drinking water and wastewater treatment facilities. Nationally, most of the water utilities are located in rural areas. Recent Federal legislation under the Safe Drinking Water Act of 1974 and the Clean Water Act of 1977 will require substantial improvements of performance of water facilities to protect the public's health and Nation's environment.

The DOL job search and EPA's legislative mandates can be mutually enhanced through this Interagency Agreement.

Nationwide rural areas presently employ 105,000 water/wastewater operators in approximately 74,000 treatment facilities. As a result of new plant construction, increases in the workforce due to facility performance requirements and employee turnover, it is estimated 13,000 to 15,000 job openings will be available Nationally in the water/wastewater industry, in rural areas.

II. Scope of Work

In cooperation and consultation with the DOL, EPA will develop and manage a special rural water/wastewater operator and technician training program. The program will provide jobs and training for 1,000 rural disadvantaged or underemployed people in the water/wastewater industry. In addition the project will provide training and technical assistance to 500 water/wastewater operators currently employed to improve their operating skills and the performance of rural water/wastewater facilities.

This special project will be conducted in at least twelve (12) States, including where possible, Vermont, Wisconsin, New York, Missouri, Washington, New Mexico, North Carolina, Kentucky, Maryland, South Carolina, Mississippi and Georgia.

Program Benefits

The twelve (12) State special projects will provide the following benefits to rural disadvantaged and under-

employed persons and to the water industry.

- 1,000 jobs for rural disadvantaged.
- Rural water utilities will have 1,000 people with CETA funded salaries for six months to operate facilities under guidance of project instructors.
- Upgrade training for 500 current employed operators in rural water/wastewater utilities.
- Education/skills for all trainees to meet certification requirements.
- Technical assistance from the instructor to solve operation problems for water/wastewater utilities participating in the Special Project.
- Improved plant performance.
- Improved water quality in rural areas.

Job opportunities, recruitment, and training will be provided through State training institutions and agencies designated by DOL and EPA in the twelve States selected for the Special Project. EPA will provide training program guidance curricula, courses and technical assistance. Job development and recruitment will be coordinated with DOL and designated Agencies and Institutions. At the National level, the project will be monitored jointly by DOL-EPA.

III. Provisions

The foundation of this workforce development and training effort is a cooperative working relationship between the U. S. Department of Labor, the U. S. Environmental Protection Agency and State Environmental Agencies. Each will have an impact on successful implementation of this project. As such, the major areas of activity and the participant roles and responsibilities will be outlined, and are attached as Appendix A. In addition, EPA will follow appropriate DOL-CETA regulations.

IV. Duration of Agreement

Except as modified or amended, this agreement shall be in effect for a period of 18 months from December 1, 1978 to April 30, 1980.

V. Reports

EPA will submit to DOL the following reports:

1. A copy of all Training Grants/Agreements, as projects are approved, which will contain:
 - a. Job Development and Training Plans
 - b. Site Locations
 - c. Water/Wastewater Industry Occupations
 - d. Number of Trainees (Entry/upgrade)
 - e. Estimated number of Rural Disadvantaged to be placed in Job Opportunities.
2. Monthly status reports on project activities.

VI. Project Officers

Department of Labor Federal Representative

Rodger Coyne, Supervisor
Program Operations
Division of National Training Programs
U.S. DOL-ETA-ONTP
Washington, D.C. 20213
(202) 376-7615

For Environmental Protection Agency

CO-Project Officers

Kenneth Hay
Training & Certification
Support Section
U.S. EPA - OWPD (WH-596)
Washington, D.C. 20460
(202) 426-8706

John B. Mannion
Special Assistant for
Communication & Training
Office of Drinking Water
(WH-550)
U.S. EPA
Washington, D.C. 20460
(202) 426-8877

VII. Funds (see Appendix B)

DOL funds will be obligated against the Comprehensive Employment and Training Act of 1973, as amended.

Upon execution of this agreement the U.S. EPA will request a transfer from DOL of \$533,000 via SF 1080. Unexpended funds remaining upon completion or termination of the project shall be returned to DOL. The SF 1081 shall be returned to:

Rodger Coyne
Room 6122
Department of Labor
601 D Street, N.W.
Washington, D.C. 20213

DOL funds will be obligated against:

Interagency Agreement #99-9-1975-07-2

VIII. Authority

Comprehensive Employment and Training Act
of 1973,

Section 104 of the Clean Water Act as Amended

Lamond Godwin
Administrator
Office of National Programs
U.S. Department of Labor

Thomas C. Jorling
Assistant Administrator
Office of Water & Hazardous Materials
U.S. Environmental Protection Agency

Appendix A
Interagency Agreement for Rural Training Program
Participants, Activities, Responsibilities

A. EPA, Drinking Water/Water Quality Hqtrs. Staff with assistance of Regional Workforce Coordinators will be responsible for:

1. Guidance, technical assistance for:

- Identification of rural water facilities requiring training/technical assistance.
- Identification of specific training and technical assistance requirements.
- Identification of education/training resources and institutions.

2. Training curricula to meet job education/skills requirements and to prepare trainees for State operator certification requirements.

- Basic water supply/wastewater technology
- Process control for Level I water supply/wastewater plants.
- Basic maintenance training primarily in pumps and motors.
- Instructor training for specialized technical assistance and course planning.

A basic schedule of instruction for each entry level training will include the following:

- | | |
|---|----------|
| - Classroom/workshops | 80 Hrs. |
| - OJT - Technical Assistance | 10 Hrs. |
| - Self study - correspondence course modules - assisted by instructor | 200 Hrs. |

Instructor schedules will be modified to meet needs of upgrade trainees as required.

3. Training Materials suggested for this Program:

- Sacramento State Correspondence Courses for Wastewater Plant Operations/Collection Systems (Appropriate Modules)
- WPCF module on package plants.
- Charles County Community College objective for Level I wastewater plants.
- AWWA - principles and practices of water supply operators - (Appropriate Modules).
- Charles County and EPA NPDES lab training modules.

B. Two National Grantees/Contractors will be responsible for:

1. Management/overview of 12 State programs.
2. Development of capabilities for identifying job opportunities and placing rural disadvantaged in water industry jobs, in cooperation with DOL-EPA designated agencies.
 - Identification of names and addresses of public and private water industry employers.
 - Systematic collection of data on job opportunities.
 - Systematic placement of rural disadvantaged in job opportunities.
3. Development of State Training/Technical Assistance Programs

C. Twelve Grantee/Contractors at the State/Local level will be responsible for:

1. Providing assistance for job development and program administration.
2. Course Planning and Training Delivery
 - Classroom training and workshops for basic technology and specialized courses as appropriate.
 - On-the-job training in process control techniques.
 - On-site technical assistance to identify and resolve plant operating problems.
3. Contacting the Bureau of Apprenticeship and Training (BAT) or State apprenticeship agency representatives in each State to seek assistance in developing apprenticeship programs where possible.

D. DOL will be responsible for:

1. Subsidizing the wages of 500 work experience trainees for up to 26 weeks under the Job Corps Industry Work Experience Program.
2. Obtaining funding for an additional 500 training positions from CETA Balance-of-State Prime Sponsors through an existing contract with the National Governors Association.

APPENDIX BEstimated Budget - Twelve (12) State Special Project

I. <u>Project Management Grant</u>		
<u>Job Development</u>		<u>Totals</u>
Personnel	\$ 50,000	
Contractual Personnel Services	25,000	
Materials	5,000	
Travel	20,000	
	<u>\$ 100,000</u>	(EPA)
II. <u>Training Grants</u>		
	Per State	
Personnel (Admin. - Job Development)	10,000	120,000
Personnel - Instructors	20,000	240,000
Materials	6,000	72,000
Travel	7,000	84,000
	<u>\$ 516,000</u>	(DOL)
III. <u>EPA In-House Overview</u>		
Materials	\$ 2,000	
Travel	15,000	
	<u>\$ 17,000</u>	(DOL)
IV. <u>No. of Trainees</u>		
1,000 Entry Level		
Estimated Average Salary for 6 mos.	\$4,300	\$4,300,000 (DOL-CETA)
500 Upgrade		
No Salary Support		
V. <u>Total</u>		<u>\$4,933,000</u>
VI. <u>Cost Distribution</u>		
EPA - Item #I	100,000	
DOL - Item #II, III	533,000	
DOL - Item #IV	4,300,000	(DOL-CETA)
	<u>\$4,933,000</u>	

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N W
WASHINGTON, D C 20006

December 1, 1978

Mr. Jack Watson, Chairman
Interagency Coordinating Council
The White House
Washington, D.C. 20500

Dear Jack:

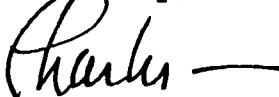
The Council on Environmental Quality is pleased to witness the Interagency Agreement on Water and Sewer Projects.

Water and sewer projects for rural areas cannot simply be scaled replicas of conventional urban systems. The costs in dollars and energy are too high. Recognizing this problem, the water and sewer agencies are agreeing to promote "innovative and alternative" technologies that will improve the delivery of services, cut costs, and protect the environment. We are pleased to see that good design, sound economics, and environmental values will be fully reflected in project decisions.

Through the Agreement, the water and sewer agencies will establish a common environmental review process, which is allowed by our new regulations implementing the National Environmental Policy Act. Common policies and procedures, including those for environmental assessments and environmental impact statements, will reduce paperwork and delay. An Environmental Review Task Force has been established to assist in developing these common procedures by May 1979.

The Council looks forward to working with the Interagency Coordinating Council to improve federal assistance programs in rural America.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charles", followed by a horizontal line.

CHARLES WARREN
CHAIRMAN