



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D C. 20460

CONSTRUCTION GRANTS
Program Requirements Memorandum
No. 77-8

THE ADMINISTRATOR

MEMORANDUM FOR Regional Administrators

SUBJECT: Funding of Sewage Collection System Projects

I. PURPOSE

This memorandum summarizes Agency policy on the award of grants for sewage collection system projects under P.L. 92-500. It sets forth guidance for rigorous review of grant applications to ensure that proposed projects meet the established requirements of the law and regulations.

II. DISCUSSION

Sewage collection system projects may be grant eligible projects under P.L. 92-500 (the Act). Eligibility is limited, however, by Section 211 of the Act which provides for funding of collection systems only 1) for the replacement or major rehabilitation of an existing collection system or 2) for new collection systems in existing communities.

Sewage collection systems are defined in 40 CFR § 35.905-19 as:

For the purpose of § 35.925-13, each, and all, of the common lateral sewers, within a publicly-owned treatment system, which are primarily installed to receive wastewaters directly from facilities which convey wastewater from individual structures or from private property, and which include service connection "Y" fittings designed for connection with those facilities. The facilities which convey wastewater from individual structures or from private property to the public lateral sewer, or its equivalent, are specifically excluded from the definition, with the exception of pumping units, and pressurized lines, for individual structures or groups of structures when such units are cost effective and are owned and maintained by the grantee.

The eligibility of sewage collection system projects is further defined in 40 CFR § 35.925-13 which reads:

That, if the project is for, or includes sewage collection system work, such work (a) is for replacement or major rehabilitation of an existing sewer system pursuant to § 35.927-3(a) and is necessary to the total integrity and performance of the waste treatment works servicing such community, or (b) is for a new sewer system in a community in existence on October 18, 1972, with sufficient existing or planned capacity to adequately treat such collected sewage. Replacement or major rehabilitation of an existing sewer system may be approved only if cost effective and must result in a sewer system design capacity equivalent only to that of the existing system plus a reasonable amount for future growth. A community, for purposes of this section, would include any area with substantial human habitation on October 18, 1972. No award may be made for a new sewer system in a community in existence on October 18, 1972 unless it is further determined by the Regional Administrator that the bulk (generally two-thirds) of the flow design capacity through the sewer system will be for waste waters originating from the community (habitation) in existence on October 18, 1972.

This section of the EPA regulations implements Section 211 of P.L. 92-500.

All treatment works funded under the construction grants program must represent the most cost effective alternative to comply with the requirements of the Act. Treatment works are defined in Section 212 to include sewage collection systems. EPA cost-effectiveness requirements are found in 40 CFR § 35.925-7 and in Appendix A to 40 CFR Part 35.

A large number of new collection system projects have appeared on FY 1977 State project priority lists. The lists contain both individual collection system projects and collection systems associated with treatment plant and interceptor sewer projects. Many of these projects may not meet the eligibility and cost-effectiveness requirements set forth above.

Funding must be denied for all collection system projects which are not grant eligible or not cost-effective. This is important for two reasons. First, the requirements of the regulations must be satisfied. Secondly, the funding of collection system projects not meeting the

eligibility and cost-effectiveness requirements will commit limited Federal dollars to projects which provide fewer pollution control benefits than more needed treatment plants and interceptors.

Public disclosure of costs is a fundamental prerequisite for all grants projects, including collection systems. Program Requirements Memorandum 76-3, "Presentation of Local Government Costs of Wastewater Treatment Works in Facility Plans," August 16, 1976, requires that cost information be presented at all public hearings held on facility plans after January 2, 1977. However, public hearings were held on many collection system projects prior to this date. Special measures are necessary to ensure the public is aware of the cost implications of collection systems prior to their approval.

The following policy is to be followed in reviewing future grant applications for collection system projects. This policy supplements all existing Agency regulations and policy statements. It does not levy any fundamentally new requirements, but provides guidance for more rigorous review of grant applications to ensure that proposed projects meet the established requirements of the law and regulations. Compliance with this policy will help to assure that only grant eligible and cost-effective collection system projects are funded by EPA.

III. POLICY

EPA policy on the funding of sewage collection systems is as follows:

A. Substantial human habitation

New collector sewer projects are eligible for funding only in a community in existence on October 18, 1972, with sufficient existing or planned capacity to treat adequately such collected sewage. The Title II regulation states in Section 35.925-13 that a community would include any area with substantial human habitation on October 18, 1972. The bulk (generally two-thirds) of the flow design capacity through the sewer system is to be for wastewaters originating from the habitation.

The Agency policy is that closely populated areas with average densities of 1.7 persons per acre (one household for every two acres) or more on October 18, 1972, shall be considered to meet the requirement for "substantial human habitation". Population density should be evaluated block by block or, where typical city blocks do not exist, by areas of 5 acres or less. The "two-thirds" rule would apply within each area evaluated when making a decision on collector sewer eligibility.

Densities of less than one household for every two acres rarely result in serious localized pollution or public health problems from the use of properly operated on-site systems. These areas should not be considered to have had, on October 18, 1972, substantial habitation warranting collection sewers from a pollution control standpoint.

B. Cost-Effectiveness

New collector sewers must be proven in the facility plan to be necessary and cost-effective in addition to being eligible under the definition of "substantial human habitation" and the two-thirds rule.

New collector sewers should be funded only when the systems in use (e.g. septic tanks or raw discharges from homes) for disposal of wastes from the existing population are creating a public health problem, contaminating groundwater, or violating the point source discharge requirements of the Act. Specific documentation of the nature and extent of health, groundwater and discharge problems must be provided in the facility plan. Where site characteristics are considered to restrict the use of on-site systems, such characteristics, (e.g. groundwater levels, soil permeability, topography, geology, etc.) must be documented by soil maps, historical data and other pertinent information.

The facility plan must also document the nature, number and location of existing disposal systems (e.g. septic tanks) which are malfunctioning. A community survey of individual disposal systems is recommended for this purpose, and is grant eligible.

In addition, the facility plan must demonstrate, where population density is less than 10 persons per acre, that alternatives are clearly less cost-effective than new gravity collector sewer construction and centralized treatment. Such alternatives are cited in the previous Administrator's memorandum of December 30, 1976, subject: "Encouraging Less Costly Wastewater Facilities for Small Communities" and Mr. Rhett's memorandum of August 18, 1976 on "Eligibility of Septic Tanks and other Small Treatment Systems". A draft guidance document accompanied the August 18 memorandum. The draft policy represents the policy of the Agency until issued in final form.

The alternatives to be evaluated include the following:

- measures to improve operation and maintenance of existing septic tanks including more frequent inspections, timely pumpouts, and prohibition of garbage grinders.
- new septic tanks
- holding tanks and "honey wagons"
- various means of upgrading septic tanks, including mounds, alternate leaching fields and pressure sewers
- other systems to serve individual households or a cluster of households. Such systems include, for example, wastewater separation, water conservation and recycle systems where feasible.

The facility plan, where applicable, must examine alternatives such as limited sewer service for a portion of a community. For example, septic systems work very well in many small towns except in one isolated area such as a business district where open space for adequate on-site disposal is not available.

C. Public Disclosure of Costs

All projects, including collection systems, on which public hearings were held after January 2, 1977, must comply fully with the requirements of Program Requirements Memorandum 76-3 prior to approval.

Agency policy is to ensure public disclosure of the costs of any collection system projects where a public hearing was held on or before January 2, 1977. Such disclosure shall take the form of a prominently published notice in a local newspaper, and the cost is grant eligible. The Agency shall pay the cost of the notice if necessary to expedite the project.

The notice shall include the estimated monthly charge for operation and maintenance, the estimated monthly debt service charge, the estimated connection charge and the total monthly charge to a typical residential customer for the new collection system being funded and any other associated wastewater facilities required. Such associated facilities would include new treatment capacity needed to handle the flows from the new collection system.

The charges may be only rough estimates, and may be presented as a range of possible costs when major unknowns exist such as whether or not substantial parts of the project are grant eligible.

IV. IMPLEMENTATION

The States are to be advised of the issuance of this policy at once. All pending and future grant applications for collection system projects or projects containing collection systems are to be reviewed for compliance with this policy.

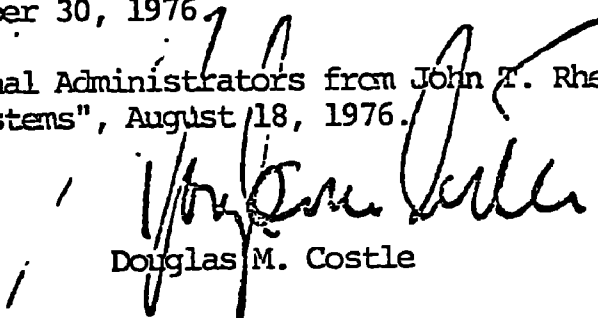
The requirements of sections III-A and III-C are effective immediately.

The requirements of Section III-B are effective immediately for all projects which have received a step 1 facility planning grant but have not yet received approval of their facility plan.

For all other projects, the requirements of section III-B are effective immediately unless the Regional Administrator determines, from information in the facility plan and other sources, that a project is necessary and cost-effective even though the full documentation required by section III-B is not available. In any case, the full requirements of section III-B shall apply without exception to all projects being reviewed for funding after September 30, 1977.

V. REFERENCES

- A. Sections 201, 211, 212, P.L. 92-500.
- B. 40 CFR §§ 35.905-19, 925-7, 925-13, Appendix B.
- C. PRM 76-3, "Presentation of Local Government Costs of Wastewater Treatment Works in Facility Plans", August 16, 1976.
- D. Memorandum to Regional Administrators from Russell E. Train, "Encouraging Less Costly Wastewater Facilities For Small Communities", December 30, 1976.
- E. Memorandum to Regional Administrators from John T. Rhett, "Less Costly Treatment Systems", August 18, 1976.



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