



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
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OFFICE OF WATER AND  
HAZARDOUS MATERIALS

Construction Grants  
Program Requirements Memorandum  
PRM # 78-9

SUBJECT: Funding of Sewage Collection System Projects

FROM: John T. Rhett, Deputy Assistant Administrator  
for Water Program Operations (WH-546)

A handwritten signature in black ink, appearing to read "John T. Rhett".

TO: Regional Administrators  
Attn: Water Division Directors

I. PURPOSE

This memorandum supersedes Program Requirements Memorandum (PRM) No. 77-8, on construction grant funding of sewage collection system projects and amends that policy in accordance with P.L. 95-217. This memorandum sets forth guidance for rigorous review of grant applications to ensure that proposed projects meet the established requirements of both P.L. 92-500 and P.L. 95-217, plus the construction grant 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.

The above sections of the EPA regulations implement Section 211 of P.L. 92-500.

Section 36 of P.L. 95-217 amends Section 211 of P.L. 92-500 to preclude use of the population density criterion in PRM 77-8 as a test of grant eligibility for collector sewer projects but permits use of the criterion for evaluating alternatives. A one household per two acre density criterion may be used only for identifying less closely populated areas where individual or other small wastewater treatment systems are likely to be more cost-effective than collector sewers and thus must be evaluated in detail if collector sewers are proposed for such areas. Such use of the population density criterion should assist with and simplify the cost-effectiveness analysis for collector sewer projects.

All treatment works funded under the Construction Grants Program must be cost-effective to comply with the requirements of the Acts. Treatment works are defined in Section 212 to include sewage collection systems. EPA cost-effectiveness requirements are found in 40 CFR §35.925-and in Appendix A to 40 CFR, Part 35.

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 preparing future grant applications for collection system projects. This policy supplements all existing Agency regulations and policy statements. It 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 adequately treat such collected sewage. A community qualifying for Federal grant assistance to construct a collector sewer system may be a geographic or jurisdictional area that is smaller than the jurisdiction of the municipality applying for the treatment facility grant. 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 existing on October 18, 1972.

The Agency policy is that areas to be served by new collector sewer projects must meet the requirement for "substantial human habitation." Habitation existing as of October 18, 1972, should be evaluated block by block or, where typical city blocks do not exist, by areas of five acres or less to determine if it is substantial. Collector pipes designed primarily to serve blocks or five acre areas without substantial human habitation as of October 18, 1972, would not be eligible for grant assistance.

#### 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 "substantial human habitation" and the two-thirds rule requirements.

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.

Where the population density within the collection system area is less than 1.7 persons per acre (one household per two acres), collector sewer projects shall be considered non-cost-effective unless a severe pollution or public health problem is specifically documented and collector sewers are shown to be clearly less costly than any of the alternatives for sparsely populated areas as cited below.

In addition, the facility plan must demonstrate, where population density is less than ten persons per acre, that alternatives are 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."

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 plus ponds or other small treatment facilities.

--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.

The collection system shall not afford capacity for new habitations or other establishments to be located on environmentally sensitive lands such as wetlands, floodplains or prime agricultural lands. Moreover, the proposed collection system must conform with approved 208 plans and air quality plans, Executive Orders on Wetlands and Floodplains, and Agency policy on wetlands.

#### 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 disclosures shall take the form of a prominently published notice in a local newspaper, and the cost is grant eligible.

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 only be 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 amended 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.

V. References

- A. Sections 201, 211, 212, P.L. 92-500 and Section 36 of P.L. 95-217.
- 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.