

Drinking Water State Revolving Fund

(DWSRF)

May 7, 2012

2012

Borrower's Handbook



What's New for 2012?

A new Washington State law requires all public water systems that receive loans or grants for infrastructure to complete an investment grade efficiency audit (IGEA). This is an effort to apply energy efficiency to water systems, similar to DOH's Green Projects that was started in 2009.

Water systems are required to do the IGEA. You may finance your audit as part of your drinking water state revolving loan. The audit can be prepared by your power provider or an energy services company (ESCO). More information is available in this presentation on [Infrastructure Financing: "New Requirements for Energy Efficiency."](#)

For guidance on how to proceed with a preliminary audit, or to learn more about this requirement, call [Roger Wigfield](#), energy program manager at the Department of Enterprise Services, at (360) 407-9371 or Karen Klocke, Department of Health, at (360) 236-3116.

2012 Loan Cycle Timeline

READY-TO-PROCEED CLIENTS					
April 2012 Draft Funding List Presented to Board. Funding List Indicates Low-Risk Clients vs Needs Further Review Clients	<i>April-May</i>	<i>June</i>	<i>May-July</i>	<i>July-August</i>	<i>July-August 2016</i>
	Review Project Readiness, Financial Review	Board Approves Recommended Loan List	Board Negotiates Contracts with Borrowers	Board Executes Contract	Project Completion / Closeout
NEEDS-FURTHER-REVIEW CLIENTS					
	<i>June-July</i>	<i>August</i>	<i>August-Sept</i>	<i>October</i>	<i>October 2016</i>
	Review Project Readiness, Financial Review	Board Approves Recommended Loan List	Board Negotiates Contracts with Borrowers	Board Executes Contract	Project Completion / Closeout



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Section 1. Getting Started

1.1. Introduction

The Drinking Water State Revolving Fund (DWSRF) is a federal infrastructure loan program designed to assist publicly owned (municipal) and privately owned (non-municipal) drinking water systems in Washington state with low-interest construction loan funding. The purpose of the DWSRF program is to:

- ⇒ Provide low-interest loans and subsidized loans to water systems for capital improvements that increase public health protection and compliance with drinking water regulations, and
- ⇒ Protect the health of the people of Washington State by assuring safe and reliable drinking water.
- ⇒ Applications received each year are scored and ranked by DOH according to specific criteria. Projects that address severe public health threats and compliance issues are given funding priority.

1.2. DWSRF Program Administration

The DWSRF loan program is jointly administered by the Washington State Department of Health’s (DOH) Office of Drinking Water, Public Works Board (BOARD) and Contracts Administration Unit (CAU) in the Department of Commerce as outlined below.

**Department of Health
Office of Drinking Water**
PO Box 47822
Olympia, WA 98504-7822

Loan application, Investment grade efficiency audit, general questions:
Karen Klocke (360) 236-3116

Environmental and cultural review process questions:
Aleceia Tilley (360) 236-3095

DOH staff are responsible for the application process including:

- ⇒ Publishing program guidelines and application;
- ⇒ Scoring and ranking applications;
- ⇒ Developing the prioritized funding lists and publishing the DWSRF Intended Use Plan;
- ⇒ Overseeing the public health priorities of the program; and,
- ⇒ Determining project readiness and negotiating final scopes of work;
- ⇒ Overseeing the State Environmental Review Process (SERP) and Section 106 cultural review process.

Public Works Board
PO Box 42525
Olympia, WA 98504-2525

Prior to signing your contract:
Christina Gagnon (360) 725-3158
See Attachment 1-A

BOARD staff is responsible for contracting, including:

- ⇒ Conducting affordability index analysis, risk analysis, and financial review;
- ⇒ Preparing and executing loan contract documents; and,
- ⇒ Providing training on the DWSRF program and PWeB (Board’s online contract management system.)

Contracts Administration Unit
PO Box 42525
Olympia, WA 98504-2525

After you sign a contract:
Contact your CAU Project Manager
360-725-3090
See Attachment 1-B

CAU staff are responsible for managing DWSRF contracts from execution through project completion and loan repayment, including:

- ⇒ Providing contracts management training;
- ⇒ Monitoring compliance with federal requirements and contract progress;
- ⇒ Paying reimbursement requests;
- ⇒ Amending contracts, closing out projects; and
- ⇒ Issuing annual loan billing statements.

1.3. DWSRF Subsidies Criteria

The 2012 loan cycle will be using affordability criteria to determine the loan interest rate and the percent of principal forgiveness for those DWSRF applicants that requested consideration for forgiveness. The affordability index (AI) measures the burden of costs passed from the drinking water system to the users against the median household income (MHI) for the area. It is important to note that compliance with subsidy requirements do not guarantee funding and subsidy. The subsidy will be distributed among the qualifying projects scoring highest on the fundable list. The final loan amounts and loan forgiveness portions are calculated at project completion and are based on the project's actual eligible costs.

Affordability Level of Households	Principal Forgiveness	Interest Rate	Loan Fee	Repayment period
Water system is not economically disadvantaged – AI is less than 1.5%	0%	1.5%	1%	20
Water System with AI between 1.5% and 2.0%	0%	1.0%	1%	20
Water System with AI between 2.01% and 3.5%	30%	1.5%	0%	20
Water System with AI above 3.5%	50%	1.0%	0%	20
Eligible restructuring/consolidation projects proposed by municipal Group A water systems. Projects must result in a change in ownership.	50%	1.0%	0%	20

Borrowers will receive the loan forgiveness upon project completion. After project completion, borrowers will have twenty (20) years to repay the remainder of their loan after the portion of forgiveness has been applied plus the loan fee (which is 1% of the requested amount at application, if applicable) and any accrued interest.

1.4. What Is the Difference between Municipal and Non-Municipal Borrowers?

A **municipal borrower** is a political unit, such as a city or town or special purpose district, such as a P.U.D., that is incorporated and self-governing.

A **non-municipal borrower** will fall under one of the following categories:

- Home Owners Associations;
- Water Associations;
- Non-Profit Organizations; or
- For-Profit Organizations.

Non-municipal borrowers must comply with additional requirements as listed in 1.10. Insurance – Additional Requirement for Non-Municipals.

1.5. Water System Planning Requirements

DWSRF projects must be included in current, DOH-approved water system plans and small water system management programs submitted at the time of application.

1.6. Federal and State Requirements

Numerous federal and state requirements must be followed when implementing a DWSRF-funded project. These requirements are a part of the contract between the Public Works Board (BOARD) and the borrower. Please see Attachment 1-C.

1.7. Borrower's Roles and Responsibilities

Implementation of a DWSRF-funded project is the responsibility of the borrower. The first step is to designate an employee or official (or volunteer, for non-municipal drinking water systems) as the project manager. This person will be responsible for keeping track of all phases of the project and serve as the administrative point of contact.

The project manager should use the checklist in Section 2 to identify major tasks necessary to measure progress and to complete the project in compliance with state and federal regulations.

The project manager must be trained in PWeB, the BOARD's online contract management system. Please contact BOARD staff to schedule a training session for PWeB.

1.8. Pre-Contract Requirements

1.8.1. Data Universal Numbering System (DUNS)

In order to execute a DWSRF contract, borrowers must have a Data Universal Numbering System (DUNS) Number, which is a unique nine-character identification number provided by Dun & Bradstreet. Organizations may call D&B at 1-866-705-5711 or access the website <http://fedgov.dnb.com/webform> if they do not have a DUNS Number. The process to request a DUNS Number via phone takes about 10 minutes and is free of charge. Internet requests are fulfilled within 24 hours. Once a DUNS Number has been issued, it will be available for use in the Central Contractor Registration (CCR) within 24 hours.

1.8.2. Central Contractor Registration (CCR)

In order to execute a DWSRF contract, DWSRF borrowers must register with the Central Contractor Registration. The CCR is a government-wide registry for organizations that seek to do business with the federal government. The CCR collects, validates, stores and disseminates data to support a variety of federal initiatives. CCR registration must be updated or renewed at least once a year or it will expire. An organization may check if it is already registered by logging onto www.ccr.gov, clicking on "Search CCR," and providing the organization's DUNS number.

If an organization is not registered, it must register online at www.ccr.gov. CCR has developed a user guide at <https://www.bpn.gov/ccr/doc/CCRUsersGuide.pdf> and a handbook at <https://www.bpn.gov/ccr/handbook.aspx> to assist with the process. These publications include details on the information that will need to be gathered to complete the CCR registration process. Search results must be submitted to the DOH. Please see Attachment 1-D.

1.8.3. Statewide Vendor Number

In order to execute a DWSRF contract, borrowers must establish a statewide vendor (SWV) number through the Office of Financial Management (OFM). The Statewide Payee Desk maintains a central file that is used by all Washington state agencies to process payments to individuals and businesses. Contact OFM at (360) 407-8180 or obtain the required forms at <http://www.ofm.wa.gov/isd/vendors.asp>. SWV number must be submitted to DOH.

1.8.4. Check for Suspension/Debarment

Before the BOARD awards a contract to borrowers, the Board will verify that borrowers are not in the Federal Excluded Parties List System (EPLS) for Ineligible Professionals and Debarred Contractors using the website: www.epls.gov. The BOARD will keep the computer printout in the borrower's loan file documenting the borrower does not appear on the EPLS list. Contractor/subcontractor eligibility may be verified.

1.9. Time of Performance Requirements

Borrowers must demonstrate projects are progressing in a timely manner. Contracts may be terminated if projects are not progressing on schedule. Projects must be completed within 48 months in accordance with the scope of work.

When the project is complete, the borrower must submit to DOH a Construction Completion Report. In addition, the borrower must submit a DWSRF Completion Request to the CAU through PWeB online forms.

1.10. Insurance – Additional Requirement for Non-Municipals

Non-municipal borrowers are required to submit proof of liability insurance to CAU within 30 days of contract execution.

Liability Coverage

Commercial general liability coverage must be obtained at the borrower's sole expense and kept in force until the completion of the activities listed in the DWSRF loan contract scope of work. The recommended policy limits should be no less than \$1,000,000 per occurrence with a general aggregate limit of \$5,000,000, or the amount of the DWSRF loan.

Proof of liability coverage, in the form of a certificate of insurance, is required within thirty (30) business days of the execution of a DWSRF loan contract.

Property Coverage

Property insurance provides coverage for all risks of physical damage or loss to the improvements and/or structures to be constructed using the proceeds of the DWSRF loan. Property insurance must be obtained at the borrower's sole expense and kept in force during the entire term of the loan. Borrower must send proof of coverage for property insurance in the form of a certificate of insurance to the CAU. Borrowers may request reimbursement for property insurance costs during the construction period.

Proof of property coverage, in the form of a certificate of insurance, is required upon issuance of Notice to Proceed.

Contact the Washington State Office of Insurance Commissioner for questions regarding insurance companies at <http://www.insurance.wa.gov> or call 800-562-6900.

1.11. Annual Loan Payments

Annual loan repayments are deferred until project completion. The first repayment installment of principal and any interest accrued to date is due on October 1st of the twelfth (12th) month following project completion. All subsequent payments shall consist of principal and accrued interest due on October 1st of each year during the remaining term of the loan. The final payment shall be on or before the term of the loan of an amount sufficient to bring the loan balance to zero.

Billing statements are issued by CAU to the borrower approximately one month prior to the date payment is due. EXAMPLE: PROJECT COMPLETED ON OR BEFORE SEPTEMBER 30, 2016; FIRST REPAYMENT OF P&I DUE OCTOBER 2016.

The borrower will repay the loan in accordance with the preceding conditions through the use of a check, money order, or equivalent means made payable to the Washington State Department of Commerce, or its successor.

1.12. Establishment of Adequate Rates and Reserves

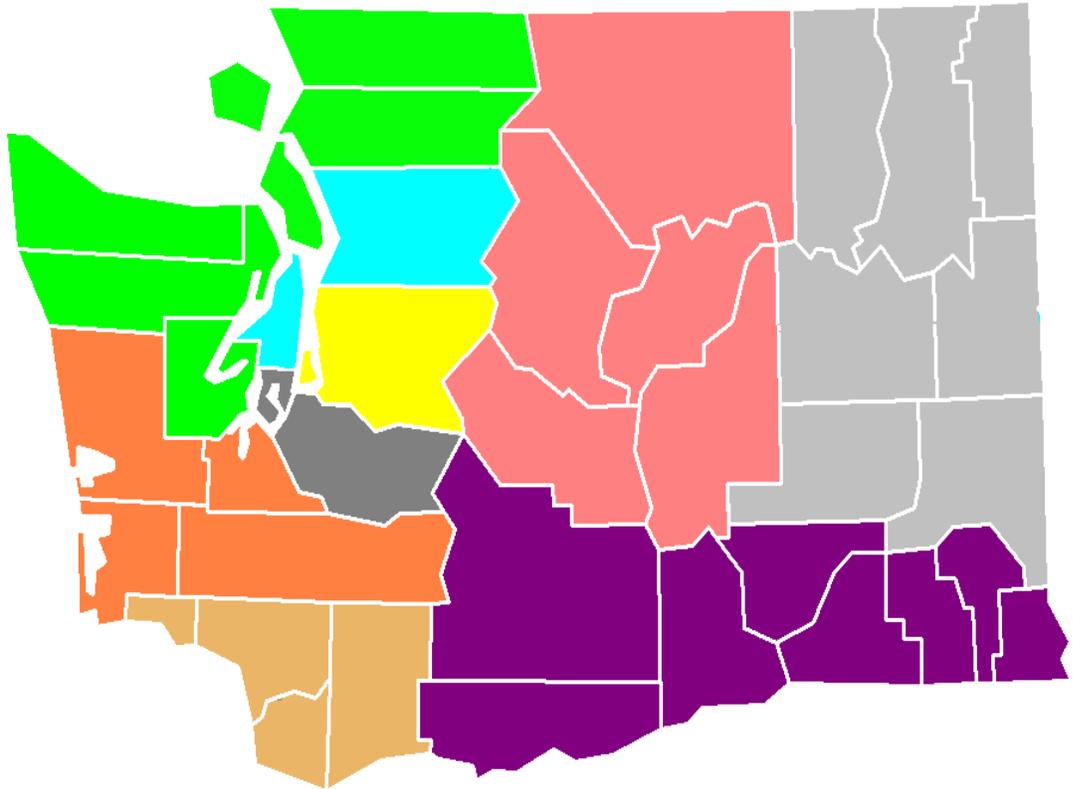
Borrowers are required to have rates or charges for the services of the system that shall be sufficient to provide funds which, along with other revenues of the system, will pay all operating expenses and debt repayments during the term of the loan. In addition, the borrower must create, fund and maintain reserves at least as required by the Water System Plan or Small Water System Management Plan. The Board reserves the right, at anytime, to request proof of compliance of these requirements from the borrower.

**Attachment 1-A: WA State Public Works Board Infrastructure Financing Specialists (IFS)
Regions**

Client Services Representatives:	Contact Information:	Regions:
Terry Dale	(360) 725-3155 / terry.dale@commerce.wa.gov	Benton, Clark, Franklin, Island, Klickitat, San Juan, Skagit, Skamania, Snohomish, Walla Walla
Steve Dunk	(360) 725-3157 / stephen.dunk@commerce.wa.gov	Chelan, Kittitas, Lewis, Mason, Spokane, Whitman, Yakima
Chris Gagnon	(360) 725-3158 / christina.gagnon@commerce.wa.gov	Adams, Asotin, Columbia, Douglas, Ferry, Garfield, Grant, Lincoln, Pend Oreille, Stevens
Isaac Huang	(360) 725-3162 / isaac.huang@commerce.wa.gov	Cowlitz, Grays Harbor, King, Okanogan, Pacific, Pierce, Wahkiakum, Whatcom
Matt Ojennus	(360) 725-4047 / matthew.ojennus@commerce.wa.gov	Clallam, Jefferson, Kitsap, Thurston

Department of Commerce
Public Works Board
1011 Plum St SE
PO Box 42525
Olympia, WA 98504-2525

Attachment 1-B: Contracts Administration Unit Regional Map



	Cathy Brockmann	360-725-3087	cathy.brockmann@commerce.wa.gov
	Carrie Calleja	360-725-3015	carrie.calleja@commerce.wa.gov
	Denise Fry	360-725-2741	denise.fry@commerce.wa.gov
	Diane Mayfield	360-725-3022	diane.mayfield@commerce.wa.gov
	Sheila Lee-Johnston	360-725-3009	sheila.lee-johnston@commerce.wa.gov
	Arlene Escobar	360-725-2725	arlene.escobar@commerce.wa.gov
	Jaclyn Woodson	360-725-3086	jaclyn.woodson@commerce.wa.gov
	Eric Tompkins	360-725-3091	eric.tompkins@commerce.wa.gov
	Jacque Andresen	360-725-3089	jacque.andresen@commerce.wa.gov

Department of Commerce
 Contracts Administration Unit
 1011 Plum St SE
 PO Box 42525
 Olympia, WA 98504-2525

Attachment 1-C: Federal and State Requirements

Environmental Authorities

- Archeological and Historic Preservation Act of 1974, Public Law 86-523 as amended
- Clean Air Act, Public Law 84-159 as amended
- Coastal Barrier Resources Act, Public Law 92-583 as amended
- Endangered Species Act, Public Law 93-205 as amended
- Environmental Justice, Executive Order 12898
- Floodplain Management, Executive Order 11934 as amended by Executive Order 12148
- Protection of Wetlands, Executive Order 11990
- Farmland Protection Policy Act, Public Law 97-98
- Fish and Wildlife Coordination Act, Public Law 85-624 as amended
- National Historic Preservation Act of 1966, Public Law 89-665 as amended
- Safe Drinking Water Act, Public Law 93-523 as amended
- Wild and Scenic rivers Act, Public Law 90-542 as amended
- Title 40 Part 141 Code of Federal Regulations, Federal National Primary Drinking Water Regulations (Section Adopted by Reference)

Economic and Miscellaneous Authorities

- Demonstration Cities and Metropolitan Development Act of 1996, Public Law 89-754 as amended, Executive Order 12372
- Procurement Prohibitions under Section 306 of the Clean air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
- Uniform Relocation and Real Property Policies Act, Public Law 91-646 as amended
- Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- Age Discrimination Act of 1975, Public Law 94-135
- Title VI of the Civil Rights Act of 1964, Public Law 88-352
- Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500 (the Clean Water Act)
- Section 504 of the Rehabilitation Act of 1973, Public Law 93-112 (including Executive Orders 11914 and 11250)
- Equal Employment Opportunity, Executive Order 11246
- Women's and Minority business Enterprise, Executive Orders 11625, 12138 and 12432
- Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Public Law 100-590
- Wage Rate Requirements Under FY 2012 Appropriations

State Laws

- Chapter 36.70A RCW, Growth Management Act
- Chapter 39.80 RCW, Contracts for Architectural and Engineering Services
- Chapter 39.12 RCW, Washington State Public Works Act
- Chapter 43.20 RCW, State Board of Health
- Chapter 43.70 RCW, Department of Health
- Chapter 43.155 RCW, Public Works Project
- Chapter 70.116 RCW, Public Water Systems Coordination Act of 1977
- Chapter 70.119 RCW, Public Water Supply Systems Certification and Regulation of Operations
- Chapter 70.119A RCW, Public Water Systems, Penalties & Compliances
- Chapter 246-290 WAC, Group A Public Water Systems
- Chapter 246-291 WAC, Group B Public Water Systems
- Chapter 246-292 WAC, Waterworks Operator Certification Regulations
- Chapter 246-293 WAC, Water Systems Coordination Act
- Chapter 246-294 WAC, Drinking Water Operating Permits
- Chapter 246-295 WAC, Satellite System Management Agencies
- o) Chapter 246-296 WAC Drinking Water State Revolving Fund Loan Program
- Chapter 173-160 WAC, Minimum Standards for Construction & Maintenance of Wells
- Title 173 WAC, Department of Ecology Rules
- ESHB 1497 Section 1021, Investment Grade Efficiency Audit

Attachment 1-D: Central Contractors Registration (CCR)

Tip Sheet for Registering with the Central Contractor Registration (CCR)

What is CCR?

- The CCR is a government-wide registry for organizations that seek to do business with the federal government. The CCR collects, validates, stores and disseminates data to support a variety of federal initiatives.
- Already registered?** An organization may check if it is already registered by logging onto www.ccr.wa.gov, clicking on "Search CCR," and providing the organization's DUNS number.
- Need to register?** If an organization is not registered, it may register online at www.ccr.wa.gov. CCR has developed a user guide at <https://www.bpn.gov/ccr/doc/CCRUsersGuide.pdf> and a handbook at <https://www.bpn.gov/ccr/handbook.aspx> to assist with the process. These publications include details on the information that will need to be gathered to complete the CCR registration process.

How long should CCR Registration take?

- If an organization already has an Employer Identification Number (EIN) or Taxpayer Identification Number (TIN), it should allow a minimum of 48 hours to complete the entire CCR registration.
- If an organization does not have an EIN or TIN, it should allow two weeks for obtaining information from IRS when requesting the EIN or TIN via phone or Internet. The delay is due to security information that is mailed to the organization.

When an organization registers with the CCR, it must provide:

- DUNS number.** The Data Universal Numbering System (DUNS) Number is a unique nine-character identification number provided by D&B. Organizations may call D&B at 1-866-705-5711 or access the website <http://fedgov.dnb.com/webform> if they do not have a DUNS Number. The process to request a DUNS Number via phone takes about 10 minutes and is free of charge. Internet requests are fulfilled within 24 hours. Once a DUNS Number has been issued, it will be available for use in CCR within 24 hours.
- U.S. Federal TIN.** The Tax Identification Number (TIN) is the nine-digit number which is either an Employer Identification Number (EIN) assigned by the Internal Revenue Service (IRS) or Social Security Number (SSN) assigned by the Social Security Administration (SSA). If an

organization does not have a TIN/EIN, contact the IRS at 1-866-255-0654.

- CCR Point of Contact (CCR POC).** This individual is responsible for maintaining the accuracy and timeliness of the information in the CCR registry for the organization.
- Electronic Business Point of Contact (EB POC).** This individual will have sole authority to designate the staff member(s) who may represent the organization to federal business systems. The same individual may serve as both the CCR POC and as the EB POC.
- Marketing Partner ID (MPIN).** During registration, organizations will be asked to designate a special password called an MPIN. Record and protect passwords.

Important Notes:

- CCR registration must be updated or renewed at least once a year or it will expire.** CCR will alert the CCR POC when it is time for renewal.
- Organizations must ensure that all information contained in each database, the D&B DUNS, IRS and CCR databases, matches exactly.** For example: if an organization's address is 123 First Street in one database – entering 123 1st St. in another database will significantly delay the CCR registration process.
- CCR uses data from the D&B DUNS number record for each CCR registrant's name and address.** If, upon review, an organization finds that any name or address information in their CCR registration needs to be updated, it will have to go back to D&B, which in turn will send the modified data to CCR where the CCR POC will have to accept it. An update will add a minimum of 2 days to the CCR registration process.
- CCR also verifies with the IRS the Tax Identification Number (also known as the TIN or EIN) that each organization provides during the registration process.** Because of this, it may take CCR 2 or 3 days after receipt of an organization's information, with a D&B validated name and address, to finalize a CCR registration.
- After the CCR registration is complete, CCR will e-mail a confirmation to the CCR POC.

Section 2. CONTRACT AMENDMENTS AND IMPLEMENTATION CHECKLIST

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Section 2. Contract Amendments and Implementation Checklist

2.1. Contract Amendments Overview

When a borrower is proposing a change in the contract scope of work, or type of budget activities to be funded, or in the timing to carry out the contract activities, an amendment to the contract must be requested.

To initiate an amendment to the contract, the borrower should contact CAU.

2.2. Scope of Work Amendment

If the scope of work must be revised in any way, the borrower submits the request to the CAU Project Manager through a PWeB online form.

An additional environmental (SERP) and/or cultural (106) review may be required whenever the scope of work is revised, particularly for the following revisions:

- Increasing or changing the project location / Area of Potential Effect
- Excavating at a deeper depth or different location
- Adding new elements to the project scope of work
- Increasing the pipe size

No work can be done on any elements of the proposed scope change until DOH determines the scope change is allowable, all elements of the SERP/106 are completed for the proposed change, and a contract amendment has been fully executed.

2.3. Extend the Project Completion Date

In order for the BOARD to consider a project extension request, the borrower must request an extension to the Project Completion Date at least 120 days before the expiration of that date in the contract. The Borrower must request a Project Completion extension in PWeB. The request must state the reason for the delay and list the revised timeline for completion of the activities.

2.4. Other Types of Changes to the Contract Terms or Conditions

If the borrower is proposing any other changes to the terms and conditions of the contract, contact the CAU Project Manager for direction on the process and requirements.

2.5. Contract Implementation Checklist

The following checklist is provided as an overall guide for the implementation of the borrower's approved DWSRF project. The checklist is general in nature, which means that some items may or may not be applicable based on the type of project being constructed. The checklist is provided so that borrowers can make sure certain actions have been taken, and it should be used as a reference to specific sections of the contract handbook.

Row	AWARD	Handbook Section	YES	N/A
1	<ul style="list-style-type: none"> Established project files 	3		
2	<ul style="list-style-type: none"> Designated a Project Manager 	1		
3	<ul style="list-style-type: none"> Provide Data Universal Numbering System (DUNS) Number to the BOARD 	1		
4	<ul style="list-style-type: none"> Provide search results for Central Contractor Registration (CCR) to the BOARD (www.bpn.gov/CCRSearch/detail.aspx) 	1		
5	<ul style="list-style-type: none"> Establish a Statewide Vendor Number 	1		
6	<ul style="list-style-type: none"> Received loan award letter from the BOARD 			
7	<ul style="list-style-type: none"> Received training on PWeB from BOARD staff 			
8	<ul style="list-style-type: none"> Developed contract scope of work with the BOARD 			
9	<ul style="list-style-type: none"> Received two sets of contracts from the BOARD 			
10	<ul style="list-style-type: none"> Signed and returned two original sets of contracts to the BOARD 			
11	<ul style="list-style-type: none"> Received training on contracts management, federal requirements from CAU 			
12	<ul style="list-style-type: none"> Established a dedicated repayment account for repayment of the DWSRF loan (non-municipals) & provided CAU a copy of the statement within 30 days of contract execution 	4		
13	<ul style="list-style-type: none"> Obtained proof of insurance (non-municipals) & provided CAU a copy within 30 days of contract execution 	1		
14	<ul style="list-style-type: none"> Submitted progress status reports to CAU as part of each reimbursement request 	4		
15	<ul style="list-style-type: none"> Conducted a competitive process to procure professional services (engineer, architect) 	5		
16	<ul style="list-style-type: none"> Checked Excluded Parties List (EPLS) for clearance on professional service providers (engineers, architects, etc.) prior to signing contracts; provided copies of website search results to CAU 	5		
17	<ul style="list-style-type: none"> Developed contracts in accordance with all applicable state and federal requirements 	5		
18	<ul style="list-style-type: none"> Completed the State Environmental Review Process (SERP); provided a copy of DOH completion letter to CAU 	6		
19	<ul style="list-style-type: none"> Completed the Section 106 Cultural/Historical Review process; provided a copy of DOH completion letter to CAU 	6		
20	<ul style="list-style-type: none"> Provided CAU with a copy of the proposed bid advertisement prior to advertising for construction 	7		

	contract, for CAU approval			
21	• Requested Davis Bacon wage rates from CAU or Dept of Labor website	7		
22	• Completed the Investment Grade Efficiency Audit; provided a copy of completion letter to CAU	8		
23	• Provided copy of DOH approval letter for Project Report and Construction Documents to CAU	9		
24	• Developed Bid packet; forwarded to CAU for review	7		
25	• Advertised for bid following CAU approval of bid advertisement	7		
26	• Demonstrated compliance with Disadvantaged Business Enterprises	5, 7		
27	• Ten days before bid opening, verified with CAU that Davis Bacon rates in bid packet are current	7		
28	• Conducted bid opening in accordance with Washington State Law	7		
29	• Contacted CAU when less than two bids received	7		
30	• Adopted proper bonding	7		
31	• Checked Excluded Parties List (EPLS) for clearance on prime contractor, sub-contractors, and vendors prior to signing contracts; provided copies to CAU	5, 7		
32	• Conducted pre-construction conference; forwarded copy to CAU	9		
33	• Submitted DWSRF Notice of Contract Award and Notice to Proceed to CAU	7		
34	• Submitted proof of property coverage insurance to CAU (non-municipals)	1		
35	• Posted applicable Davis Bacon Wage Decision and Department of Labor poster at the job site	7		
36	• Submitted 21 day Labor packet to CAU for approval	4, 9		
37	• Monitor labor standards compliance and conduct employee interviews throughout construction			
38	• Submitted Construction Completion Report to DOH and provide copy to CAU	9		
39	• Submitted Project Completion Report to CAU through PWeB	9		
40	• Scheduled A-133 audit following \$500,000 or more in expenditures (all federal sources of funds) in borrower's fiscal year	4		

Attachment 2-A: Quick References for Drinking Water State Revolving Fund

Excluded Parties List System: www.epls.gov

Federal Wage Decision: <http://www.wdol.gov/>

Labor & Industries Prevailing Wage: <http://www.lni.wa.gov>

Office of Minority & Women's Businesses: <http://www.omwbe.wa.gov>

Public Works Board: http://pwb.wa.gov/docs_things.aspx?ActiveView=1

Public Works Board PWeB on-line loan management system:

<https://fortress.wa.gov/commerce/pwbloantracking/> (requires borrower to be trained and to have been issued a password)

Washington Small Business Development: <http://www.wsbdc.org/>

Washington Society of Certified Public Accountants: <http://www.wscpa.org/>

Washington State Department of Health, Office of Drinking Water:

<http://www.doh.wa.gov/ehp/dw>

Section 3. RECORD KEEPING AND REPORTING

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DWSRF Borrower's Handbook

Section 3. Record Keeping and Reporting

3.1. Overview

DWSRF borrowers must be able to document compliance with all state and federal regulations. Good record keeping and reporting systems are essential to document compliance. This section provides a summary to help set up a DWSRF record keeping system and a summary of reports that will be requested during the management of the contract.

3.2. Establishing a Filing System

The borrower must maintain accurate and current files. It is best to keep all DWSRF files in one central location. Files need to be accessible to all project funders.

3.3. Security

Files should be kept in a secure place, but accessible to the public. A filing cabinet that can be locked is recommended.

3.4. Maintaining Records

All records and files pertaining to the DWSRF application, engineering, and construction of the project must be stored for the life of the loan plus six years (generally twenty-six years for a 20-year loan). Records of operating and maintenance costs do not have to be saved for purposes of the DWSRF loan.

3.5. Organizing a Filing System

A good filing system can be a very effective management tool. It will ensure that the borrower has all necessary documentation to meet compliance requirements. The following is suggested as a basic guide for DWSRF record keeping. It is recommended that borrowers keep separate files for each DWSRF project.

The system includes major headings for administration, financial management and compliance:

- | | |
|------------------------------|-----------------------------------|
| 1-Application | 6-Environmental/Cultural Review |
| 2-Loan contract & amendments | 7- Prime Contractor Contracts |
| 3-Financial Management | 8- Labor Construction & Standards |
| 4-Non-Construction Contracts | 9- Required Reports |
| 5-Procurement/Bonding | |

3.6. Progress Status Reports

Each Invoice Voucher must be accompanied by a Project Status Report, which describes the progress made on the project since the last invoice was submitted. CAU will not release payment for any reimbursement request received unless and until the Project Status Report is received. After approving the Invoice Voucher and the Project Status Report, CAU shall promptly remit a warrant to the Contractor.

3.7. Project Completion

When the project is complete, the borrower is required to submit the DOH Construction Completion Report to the DOH. A copy of the approved report or the approval letter from DOH must be submitted to CAU prior to closing out the project.

To complete the closeout process, the borrower must also submit a Project Completion Request to CAU through PWeB online forms.

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Section 4. Financial Management

4.1. Overview

This section is designed to help DWSRF borrowers understand and implement financial management systems that comply with DWSRF program requirements.

4.2. Internal Control

The borrower should designate one person as fiscal coordinator of the DWSRF loan. Only one signature is required to request reimbursement of expenditures from Commerce, however, in the absence of the fiscal coordinator, or in other circumstances, a second person should be authorized to sign on the reimbursement request form.

Borrowers must maintain effective internal controls and accountability for the DWSRF funds by complying with financial management standards and generally accepted accounting principles. Methods for maintaining internal control include establishing policies and practices for approval of expenditures, bonding of staff handling cash, clearly defining loan and project management roles and responsibilities, and maintaining segregation of duties in handling and accounting for expenditures and receipting of funds.

4.3. Non-Municipal Borrowers Only: Establish a Dedicated Repayment Account

Non-municipal borrowers must establish a dedicated account in a FDIC insured institution to handle the funds for repaying the loan, and should have a separate account for each DWSRF loan. This account is used solely for the purpose of repaying the DWSRF loan. A copy of the initial bank statement must be submitted to the CAU within 30 days of contract execution before the first request for reimbursement will be paid.

4.4. Audit

All borrowers that expend \$500,000 or more in federal funds (all sources) in their fiscal year must have an audit conducted in accordance with Office of Management and Budget (OMB) revised Circular A-133. The audit must be conducted within nine months of the end of the fiscal year in which the audit was “triggered.” The applicable federal category for the DWSRF is CFDA 66.468.

Note: Non-municipal borrowers in need of locating an auditor, for purposes of complying with the audit, should contact the Washington Society of CPA’s at <http://www.wscpa.org>.

4.5. Requesting Reimbursement for Preconstruction Activities

After the contract is executed, reimbursements may be requested for eligible pre-construction costs that are directly related to the project, regardless of when the activities were completed. Eligible activities include Small Water System Management Programs and Water System Plan Amendments (preparation and submittal costs); design and engineering; project report and construction documents; and environmental/cultural reviews.

Each Invoice Voucher must be accompanied by supporting documentation of costs incurred, and a Project Status Report. CAU will not release payment for any reimbursement request received

unless and until the Invoice Voucher, supporting documentation, and Project Status Report are received. After approving the Invoice Voucher and the Project Status Report, CAU shall promptly remit a warrant to the Contractor.

Note: Non-municipal clients must submit documentation within 30 days of contract execution to the CAU to demonstrate compliance with the following two requirements prior to receiving any reimbursements:

- Proof of liability insurance, and
- A copy of the dedicated repayment account bank statement.

4.6. Requirements before Starting Construction

There are certain contract conditions that must be met prior to issuing the DWSRF Notice of Contract Award and Notice to Proceed and prior to starting construction. Meeting these conditions may take from 60 to 180 days (or longer) to complete.

The borrower is encouraged to begin work as soon as possible to complete and obtain approval from DOH on:

- State Environmental Review Process (SERP), (ALECEIA TILLEY, DOH (360) 236-3095)
- Section 106 cultural review process, and
- Project report and construction documents

In addition, the following must be submitted to CAU:

DWSRF Notice of Contract Award and Notice to Proceed form

Documentation that the prime contractor is not on the Federal Suspension and Debarment List.

4.7. Requesting Reimbursement for Construction Activities

Davis-Bacon Wage Requirements:

- Before CAU can reimburse the borrower for the first construction invoice, the borrower must submit the 21 Day Labor Packet to CAU for approval.

The 21 Day Labor Packet includes:

- Certified payroll for the first week of construction,
- Copies of employee interviews (one for each wage classification on the job site during the first week of construction), and
- Intent to Pay Prevailing Wages form. (Available from State department of Labor and Industries <http://www.lni.wa.gov>)

Please refer to Section 7.

Certified Compliance of Payroll Review:

Borrowers must certify that all certified payrolls for the period supported by the invoice voucher have been reviewed to ensure that all laborers and mechanics are being paid at least the higher of the wage rates contained in the applicable federal or state wage decisions for the type of work performed. Please see Attachment 4-A.

4.8. A-19 Reimbursement Voucher & Project Status Report

Borrowers must request reimbursements using Commerce *A-19 Reimbursement Voucher and Project Status Report*. CAU staff will provide these forms to borrowers along with the executed contract. An original signature in **BLUE INK** is required. Please do not sign vouchers with black ink, as the voucher can be mistaken for a photocopy, which would delay the processing of the voucher. No photocopies will be accepted.

The *A-19 Reimbursement Voucher* must include documentation of costs incurred. Copies of Invoices for work or services completed must be attached as such documentation. Borrowers do not have to pay the invoice prior to requesting reimbursement from CAU, but the expense must have been already incurred.

Each Invoice Voucher must be accompanied by a Certified Compliance of Payroll Review and Project Status Report. CAU will not release payment for any reimbursement request received until the Project Status Report is received. After approving the reimbursement request, CAU shall promptly remit a warrant to the DWSRF borrower, usually within 12-15 business days of having submitted the request to CAU. CAU will not pay the borrower's prime contractor, sub-contractors or any vendors directly.

4.9. Final Reimbursement Request

A sum of 10 percent of the funds shall be withheld until all tasks, activities and conditions of the DWSRF contract have been successfully completed by the borrower and fully accepted by DOH and COMMERCE. At that time the borrower can request the final payment.

4.10. Frequency of Reimbursement Requests

Borrowers are requested to limit their reimbursement requests to no more than one request per quarter. Borrowers may request reimbursement monthly if necessary. However, the amount requested must be at least \$500.00. If the invoice is for less, CAU will hold it until the borrower's requests total at least \$500.00, then process for payment.

4.11. Eligible / Ineligible Activities and Costs

Please refer to Attachments 4-B and 4-C for eligible and ineligible project activities and costs.

4.12. Compliance by Prime and Sub-Contractors and Professional Service Providers

Borrowers must require their prime and sub-contractors (including contracted administrators and engineers) are in compliance with all financial management requirements.

Attachment 4-A: CERTIFIED COMPLIANCE OF PAYROLL REVIEW

Washington State Department of Commerce

**PUBLIC WORKS BOARD
DRINKING WATER STATE REVOLVING FUND
LABOR STANDARDS CERTIFICATION**

Legal Name

Contract Number

Invoice Voucher Request #

CERTIFICATION

I hereby certify that all certified payrolls for the period supported by the attached invoice voucher have been reviewed to ensure that all laborers and mechanics are being paid at least the higher of the wage rates contained in the applicable federal or state wage decisions for the type of work performed.

Borrowers Signature: _____

Print Name: _____

Title: _____

Date: _____

Attachment 4-B: ELIGIBLE ACTIVITIES AND COSTS

Costs must be directly related to the project being financed by the DWSRF loan. Eligible project activities and costs include the following:

Preconstruction activities (engineering, Water System Plan Amendments and Small Water System Management Program preparation, design, legal, financial, environmental and cultural review, permitting, and surveying) directly related to an eligible capital construction project.

Acquisition of real property from a willing seller as an integral part of a capital construction project being funded:

- Purchase of land and easements acquired for and devoted to the project from a willing seller.
- Purchase of improvements.
- Adjustment or re-establishment of improvements.
- Salaries, expenses or fees of appraisers, negotiators or attorneys.
- Removal or demolition of improvement.
- Other direct costs in connection with acquisition. Amounts received from the sale of excess real property or improvements and from any rental will be reduced from the direct costs.

- The costs for complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- DWSRF loan fees.
- The purchase of a portion of another system’s capacity, if it is the most cost effective solution (limited to publicly owned (municipal) systems).
- Construction of reservoirs (clear wells) that are part of the treatment process and are collocated with the treatment facility.
- Construction of distribution reservoirs (finished water).
- Cost associated with restructuring or consolidation of existing water systems by publicly owned water systems.
- Main extensions to connect to safe and reliable sources of drinking water.
- DOH-approved projects for refinancing of debts (that address surface water, volatile organic chemicals (VOCs), inorganic chemicals (IOCs), and projects for systems under a compliance order to construct a project) when they have been incurred by publicly owned (municipal) water systems after July 1, 1993.
- Cost associated with collecting and preparing environmental assessment documents to obtain local permits.
- Direct labor including related employee benefits:
 - Salaries and wages (at actual or average rates) covering productive labor hours of employees of the borrower (excluding the administrative organization of the operating unit involved) for periods of time actively or incidentally engaged in pre-design engineering, design engineering, construction engineering, acquisition of rights of way, and the cleaning, sterilization or bacteriological testing of water system components prior to public use. The costs of services

rendered by employees generally classified as administration/project management of the loan are considered a direct cost only when such employees are assigned the types of services described above and shall be limited to 3% or less of the project loan amount.

- Employee benefits relating to labor are considered a direct cost of construction projects. The following items may be included as employee benefits:
 - F.I.C.A. (Social Security) –employer’s share.
 - Retirement benefits.
 - Hospital, health, dental, and other welfare insurance.
 - Life insurance.
 - Industrial and medical insurance.
 - Vacation.
 - Holiday.
 - Sick leave.
 - Military leave and jury duty.
- Employee benefits must be calculated as a percentage of direct labor dollars. The computation of predetermined percentage rates to be applied to current labor costs must be based on the average of total employee benefits and total labor costs for the prior fiscal year and adjusted by known current year variations.
- Other than work identified in Number 11.a, no costs associated with labor performed by the borrower’s employees, including force account work, are eligible for financing assistance.
- ➔ Contract engineering, planning, design, legal, and financial planning services. The Board reserves the right to declare ineligible legal costs that are unreasonable and disproportionate to the project.
- ➔ Contract construction work.
- ➔ Direct vehicle and equipment charges at the actual rental cost paid for the equipment or, in the case of city or county-owned equipment, at the rental rates established by the local government’s “equipment rental and revolving fund” following the methods prescribed by the division of municipal corporations. However, such costs must be charged on a uniform basis to equipment used for all projects regardless of the source of funding. Cities with a population of eight thousand or less not using this type of fund are allowed the same rates as used by the State Department of Transportation.
- ➔ Direct materials and supplies.
- ➔ Other direct costs incurred for materials or services acquired for a specific project are eligible costs and may include, but are not limited to such items as:
 - Telephone charges.
 - Reproduction and photogrammetry costs.
 - Video and photography for project documentation.
 - Computer usage.
 - Printing and advertising.
- ➔ Other project related costs include:
 - Competitive Bidding.
 - Audit.

- Property Coverage Insurance.
- Prevailing wages.
- Attorney fees.
- Environmental Review.
- Archaeological Survey.

It is important to note that the repayment period for all loans is 20 years or the life expectancy of the project, whichever is less.

Projects may be designed to accommodate reasonable growth. This is generally the 20-year projection included in the system's water system plan or small water system management program.

Attachment 4-C: INELIGIBLE ACTIVITIES AND COSTS

- Water rights, except if the water rights are owned by a public water system that is being purchased through consolidation.
- Laboratory fees for monitoring.
- Operation and maintenance expenses (ex: reservoir cleaning, coating, and painting).
- Portable generators, tools, vehicles and other “rolling stock.”
- Indirect salaries, wages, and benefits for water system employees whose work falls outside of the scope of project construction.
- General Liability insurance.
- Projects primarily for future population growth and water system expansion.
- Projects solely for pre-construction activities.
- Projects solely for studies or assessments.
- Restructuring (purchasing) costs incurred by privately owned systems.
- Point of use treatment devices for community systems and most non-community systems.
- Acquisition, construction, or rehabilitation of dams or raw water reservoirs.
- Individual projects for multiple water systems submitted as one application.
- Projects in which fire protection is the primary focus.
- Force account work

Section 5. REQUIREMENTS AND PROCEDURES FOR PROCURING PROFESSIONAL SERVICES

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Section 5. Requirements and Procedures for Procuring Professional Services

The borrower may use their own staff for engineering and design work. Borrowers who are already under contract with an engineering or architectural consultant may continue to use that consultant for their project. Alternatively, borrowers that need to hire engineering or architectural consultants are required to use a competitive selection process. The borrower can demonstrate compliance with this requirement as long as the following guideline is used to secure professional services.

5.1. Small Works Roster

To demonstrate a competitive selection process was used, a local government may utilize a small works roster. Information on utilizing a small works roster can be found on the Municipal Research Services Center of Washington website at <http://www.mrsc.org/>.

5.2. Advertise

To demonstrate a competitive selection process was used by advertising, publish the request for professional services in a newspaper of general circulation. The announcement should state the general scope and nature of the project or work and how to contact the borrower for additional information.

Evaluation of Proposals and Statement of Qualifications:

- The borrower must have a documented system for reviewing proposals and statements of qualifications submitted in response to the published and distributed advertisement. The system must include the use of selection criteria established prior to solicitation, evaluation of cost and rates, and be thorough, uniform and well documented.

Select Firm Most Advantageous to the Project:

1. Borrowers need to document why they selected the chosen firm and indicate why the chosen firm is the most qualified for the job. Select the firm (under the Request For Proposals method) whose proposal is most advantageous to the project considering all factors, or the most qualified (under Request for Statement of Qualifications method). In the case of the latter method, contract negotiations must then be conducted to determine the fair and reasonable price of services.
2. Borrowers should negotiate a contract with the most qualified firm for architectural and engineering services at a price they determine to be fair and reasonable. In making a determination, borrowers should take into account the estimated value of the services to be performed, as well as the scope and complexity of the project. If the borrower is unable to negotiate a satisfactory contract with the firm selected at a price the borrower determines to be fair and reasonable, negotiations with that firm shall be formally terminated and the borrower shall select other firms in accordance with RCW 39.80.040.

5.3. Check for Suspension/Debarment

Before signing a professional services contract, borrowers must verify that the complete names of both the selected firm and the owner or president are not in the Federal Excluded Parties List

System (EPLS) for Ineligible Professionals and Debarred Contractors. Further, the borrower must provide the CAU Project Manager with a computer printout documenting the firm and owner/president do not appear on the EPLS list. Contractor/subcontractor eligibility may be verified using the following website: www.epls.gov.

5.4. Prepare the Contract

Prepare the contract agreement. The contract should include the following provisions:

General Requirements:

- Effective date
- Authority and source of funds
- Conditions and terms under which the agreement can be terminated
- Errors and Omission (engineering firms only) Engineering firm must be licensed to do business in Washington State; be in compliance with the Board of Professional Registration requirements, insured with proper errors and omissions insurance and/or bonding.
- Conflict of interest provisions
- Access to records & records retention clauses

Scope of Services:

- Detailed description of the extent and character of work to be performed.
- Time of performance and completion of contract services, including milestones, if any.
- Specifications of materials or other services to be provided by both parties.

Method of Compensation:

- Provisions for compensation for services.
- Maximum amount payable under the contract.
- Fee and payment schedules, if appropriate.

5.5. Monitor Performance

The borrower should establish a system to monitor the performance of its engineer, architect or consultant. At a minimum, the system should provide for reconciling the bills against applicable documentation and receiving at the minimum, a monthly update on the project status, problems, etc. The scope of work can provide the basis for monitoring and evaluating the performance of the engineer, architect or consultant by specifically identifying performance measures.

5.6. Record Keeping and Reporting

Borrowers are required to maintain records for each procurement which identify the procurement method used and why it was selected; the rationale used for selecting the contract type; reasons for selecting and rejecting bidders/qualified firms; and the basis for the contract cost or price.

Borrowers are required to keep a copy of the advertisement published in the paper and records of disadvantaged business enterprises that were invited to submit proposals or qualifications.

Section 6. ENVIRONMENTAL AND CULTURAL REVIEWS

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Section 6. Environmental and Cultural Reviews

6.1. Overview

As the primacy agency for the DWSRF program, DOH leads the review processes for the State Environmental Review Process (SERP) and the National Historic Preservation Act (cultural review process), also referred to as Section 106. Although the SERP and the Section 106 are two distinctive processes, DOH will coordinate both reviews as much as possible. SERP is essentially a checklist of all environmental regulations, which encompasses the State Environmental Policy Act (SEPA) and the National Environmental Policy Act (NEPA).

All federally funded projects must undergo an environmental review and cultural review. Both reviews identify and analyze potential impacts a project may have on environmental, historical, and cultural resources. These reviews can take from three to eighteen months and sometimes longer if any of the following apply:

1. New ground will be disturbed
2. Project will impact or is near:
 - ⇒ Endangered species
 - ⇒ Native American reservation
 - ⇒ Contaminated soils
 - ⇒ Historic structures
 - ⇒ Body of water
 - ⇒ Environmental sensitive area (e.g., wetlands)
 - ⇒ Cultural resources
3. Requested documentation is not provided in a timely manner

Borrowers shall not move forward with any preconstruction ground-disturbing activities (such as grading, clearing, drilling test wells), or construction activities, until both the SERP and 106 processes are complete and DOH has issued a final completion letter. If ground-disturbing activities occur prior to the borrower receiving the final completion letter, the DWSRF loan funding will be jeopardized.

To ensure the processes continue efficiently, active participation from the borrower is essential. DOH may request supplementary information, such as construction drawings, plans, publications, or other previously approved compliance documentation.

A government-to-government relationship must be properly adhered to for the cultural review; and as such, it is DOH's responsibility to contact the Tribes and the Department of Archaeology and Historic Preservation (DAHP). DOH will notify the borrower when a cultural resources survey is necessary. It is the borrower's responsibility to hire a qualified archaeologist to conduct the survey and submit a draft of the survey to DOH for final approval.

6.2. Projects Receiving Additional State or Federal Funding

The more stringent environmental and cultural review process must be followed in order to comply with DWSRF requirements. It is the borrower's responsibility to inform DOH of additional funding sources and submit any necessary compliance documentation that has been completed to date; otherwise any steps of the process not adequately documented must undergo another review.

Any documentation that is more than five years old is not valid, and subsequently another review is required. DOH will coordinate the reviews with other funding agencies. DOH will not initiate any of the reviews until after the DWSRF contract has been executed.

6.3. Cultural and Environmental Review Timetable

Activity	Responsibility	Timeframe
Execute DWSRF Contract	BOARD & Borrower	Starting Point
Evaluate Project <ul style="list-style-type: none"> • Schedule site visit • Research Project Area at DAHP 	DOH	Ongoing ¹
Make Section 106 Determination <ul style="list-style-type: none"> • "No Historic Properties Affected" <li style="text-align: center;">-OR- • "Potential Historic Adverse Effect" <ul style="list-style-type: none"> ⇒ complete survey, monitoring plan, and/or inadvertent discovery plan ⇒ additional consultation with DAHP and Tribes 	DOH Borrower	Ongoing ¹ 3-6 months ² 6-18 months ²
Forward Determination to DAHP and Tribes	DOH	30 days
Review Concurrence Letter(s)	DOH	15 days
Make or Receive SEPA/NEPA Determination <ul style="list-style-type: none"> (a) Categorical Exemption/Exclusion (b) SEPA Checklist/Environmental Impact Statements (EIS) 	Borrower/DOH/Other Regulatory Agencies	Ongoing ²
Public Comment Period <ul style="list-style-type: none"> 1. Publish Section 106 and/or SEPA Findings 	Borrower	30 days ³
Forward Final Completion Letter	DOH	15 days

6.4. Things That May Hinder Your Progress

The following items may delay progress on the project's environmental or cultural review:

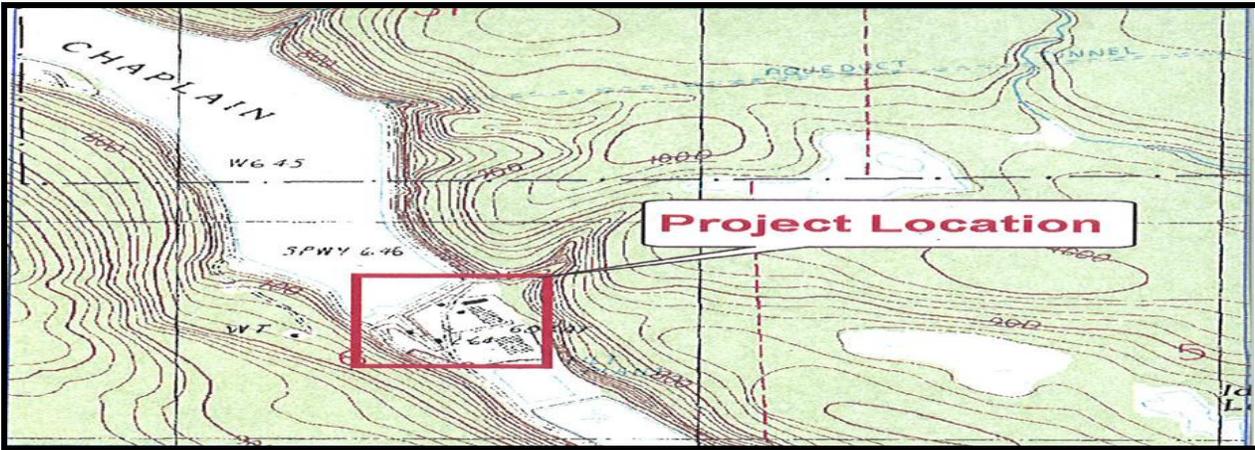
- A) Project Review Sheet (EZ-1 Form) is incomplete or contains incorrect information.
 - ⇒ Project location is not clearly identified.
 - ⇒ Project description is not detailed enough.
 - ⇒ Township, Range, and Section is incorrect.

¹ Revised project scope or other relative information may result in another review.

² Timeframe depends on the significance of cultural/historic resources in vicinity of the project area.

³ Public comment period may run concurrently. If done separately, a 30-day public review is required for each process.

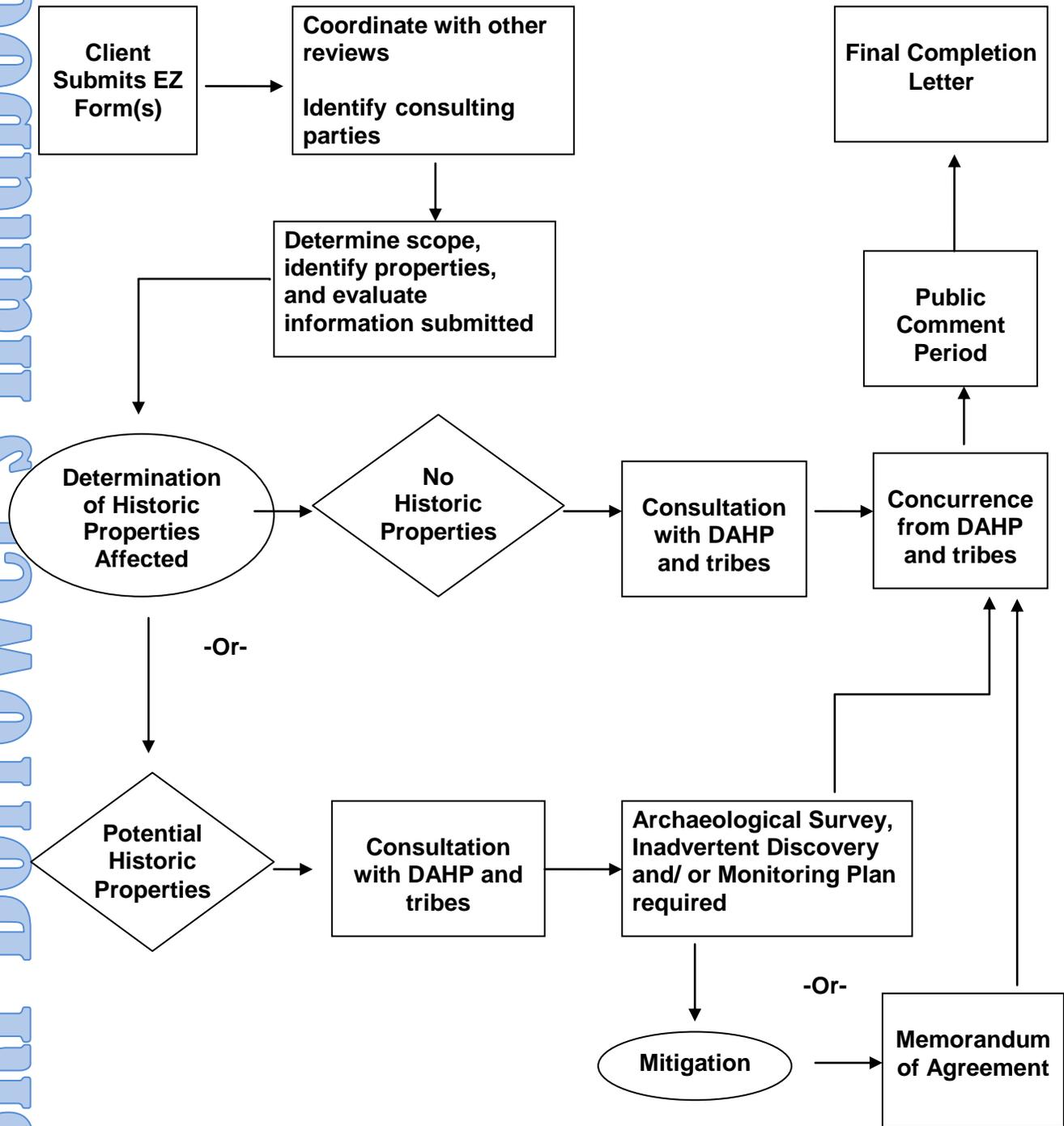
- B) The borrower's misunderstanding that the cultural review is complete upon submittal of the EZ-1 Form. The EZ-1 Form *initiates* the cultural review and further actions are required (See *Cultural Review Flow Chart*).
- C) Not submitting the EZ – 2 Form when a structure or building is going to be modified or demolished.
- D) A 7.5 Series USGS Quad map is not submitted with the EZ-1 Form and project area is not identified (See below map as an example).
- E) Revising the project scope of work or acquiring additional relevant information may result in another cultural resource review process.



For questions or to initiate the environmental or cultural review, contact Aleceia Tilley, DOH's SERP and Section 106 Lead at (360) 236-3095 or Aleceia.Tilley@doh.wa.gov.

Additional information may be found at DOH's DWSRF website - <http://www.doh.wa.gov/ehp/dw/106/default.htm>.

6.5. Cultural Review Flow Chart



The SERP/106 review process officially begins upon execution of a DWSRF contract.

Section 7. REQUIREMENTS AND PROCEDURES FOR PROCURING CONSTRUCTION CONTRACTS

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Section 7. Requirements and Procedures for Procuring Construction Contracts

7.1. Overview –

This section describes a step-by-step process for procuring construction contractors. Information in this section outlines a competitive bid process applicable to DWSRF construction projects where the construction project must be competitively bid through a sealed bid process (or small works roster for projects \$300,000 and under).

This section also incorporates information regarding Labor Standards provisions that are applicable to construction projects over \$2,000. For additional information on labor standards see Section 8.

Construction contracts are normally procured by sending an Invitation for Bid (IFB) to interested contractors. The IFB contains all the information the contractor will need to bid on a project. Once completed and submitted by the bidder, the IFB, if the lowest responsible bid, becomes the basis for the contract between the contractor and the grantee.

7.2. Non-Municipals: Small Purchase Procedures for Limited Public Works Projects

Non-municipal borrowers may utilize the small purchase procedures in those instances where public works projects are not expected to cost over \$35,000. However, small purchase procedures may not be used to procure engineering or architectural services. If small purchase procurement is used, price or rate quotations or proposals must be obtained from at least three qualified sources. Efforts must be made to seek at least one quotation or proposal from a certified minority business enterprise (MBE) or from a certified woman business enterprise (WBE). If the jurisdiction has established a lower ceiling for small purchases, then this lower ceiling must be followed. Document all steps taken, quotations/proposals received and outreach efforts made. Requests for quotes, proposals, etc., do not have to be advertised in a newspaper of general circulation. When using small purchase procedures, it is strongly recommended the selected firm's references and ability to perform be thoroughly checked. See RCW 39.04.155 (3) for details.

7.3. Small Works Roster

The small works statute [RCW 39.04.155](http://www.rcw.gov/RCW%2039.04.155) allows participating public agencies to use a small works roster system for small works projects under \$300,000 instead of advertising for each project. More information can be accessed through the Municipal Research and Services Center website at <http://www.mrscrosters.org/>.

7.4. Advertise for Bids

Prior to advertising, send a copy of the draft bid advertisement to CAU for review and approval.

At a minimum, a bid advertisement should include the following items:

- Title of project;
- Nature and scope of work;

- Location where plans and specifications documents may be obtained;
- Cost, if any, to obtain a set of plans and specifications documents;
- The place, date, and time that the bids are due;
- Statement that the borrower retains the right to reject any and all bids;
- List of the funding sources for the project, including the DWSRF funds;
- Requirement that the higher of state or federal prevailing wages must be paid;
- Statement indicating that borrower is an Equal Opportunity Employer;
- Statement that DWSRF requirements or provisions must be met by general contractors and all subcontractors.
- The following statements must be included in the advertisement:

“All work performed on this project will be subject to the higher of the prevailing state or federal wage rates.”

“The (City/County) of _____ is an Equal Opportunity and Affirmative Action Employer.”

“This project is (funded/partially funded) through the Washington State Drinking Water State Revolving Fund program with federal funds from the Environmental Protection Agency.”

“Small, Minority- and Women-owned firms are encouraged to submit bids.”

See Attachment 7-A: Example of Advertisement for Construction Contract Bids.

Bids should be advertised in a newspaper of general circulation for the project area. General contractors must be given enough time to research specifications and submit responsible proposals. Borrowers should advertise the bid once a week for two weeks in a newspaper of general circulation. A minimum of 14 calendar days must be allowed between the date of the last publication and the bid opening date.

7.5. Disadvantaged Business Enterprise (DBE) Utilization Requirements

Small, minority and women-owned firms should be afforded the maximum opportunity to compete for and obtain bid documents for projects funded by the DWSRF program. The level of participation by small, minority and women-owned firms should be consistent with their general availability within the professional community involved. For more detailed information on DBE, please visit <http://www.epa.gov/osbp/grants.htm>.

7.6. Fair Share Objective Goal

A fair share objective is a goal based on the capacity and availability of qualified, certified Minority Business Enterprises (MBEs) and Women’s Business Enterprises (WBEs) in the relevant geographic market. As mandated by EPA, all general contractors and subcontractors must comply with the requirements of the EPA’s Program for Utilization of Small, Minority, and Women’s Business Enterprises (40 CFR, Part 33) in procurement under the DWSRF program. The goals for the utilization of disadvantaged businesses are as follows:

Construction	10% MBE	6% WBE
Supplies	8% MBE	4% WBE
Equipment	8% MBE	4% WBE
Purchased Services	10% MBE	4% WBE

All general contractors and subcontractors must accept the fair share objective/goals stated above and attest to the fact they are purchasing the same or similar construction, supplies, services, and equipment, in the same or similar relevant geographic buying market as the Washington Office of Minority Women Business goals.

IMPORTANT: Only MBEs and WBEs that are certified by EPA, SBA, DOT, or by state, local, tribal or private entities whose certification criteria match EPA's can be counted towards the MBEs and WBEs utilization goal.

7.7. Six Good Faith Efforts

At a minimum, borrowers must follow the six good faith efforts listed below to ensure maximum participation among the DBEs.

1. Ensure DBEs are made aware of contracting opportunities to the fullest extent practical through outreach and recruitment activities, including placing the DBEs on solicitation lists and soliciting them whenever they are potential sources.
2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty calendar days before the bid or proposal closing date. Post the advertisement on the State Office of Minority and Women's Business Enterprises (OMWBE) website at www.omwbe.wa.gov and a Plan Center.
3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. This will include dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce.
6. If the general contractor awards contracts to subcontractors, also require the general contractor to take the five good faith efforts listed above.

Borrowers must retain documentation showing they have followed the six good faith efforts above.

There are three options for the documentation:

- Provide an affidavit of publication of competitive bid that includes the following language at the least: "Small, minority-and-women-owned businesses are encouraged to submit bids".
- Provide a copy of bid packet submittal to a Plan Center.
- Post bid advertisement on the Washington State Office of Minority and Women Business Enterprise (OMWBE) website at www.omwbe.org.

7.8. Preventing Unfair DBE Practices

There are a number of provisions set by EPA (40 CFR, 33.302) to prevent unfair practices that adversely affect DBEs:

- General contractors are required to pay DBE subcontractors for satisfactory performance no more than 30 days from the time they receive reimbursement from borrowers.
- General contractors must notify borrowers prior to any DBE termination for convenience.
- If a DBE general contractor or subcontractor fails to complete work under the contract for any reason, the Six Good Faith Efforts must be employed in soliciting a replacement.
- Borrowers and general contractors are required to employ the Six Good Faith Efforts even if they achieved their fair share objectives.
- Borrowers must ensure that the following three forms are completed and submitted appropriately.

We strongly encourage the borrower to request and retain copies on file for all of the submitted forms. The forms need to be completed only if DBE subcontractors are employed. Copies of these forms are included in Attachment 7-D: Labor Standards Provision Municipal Borrowers. Alternatively, to download these forms in PDF format, please visit <http://www.epa.gov/osbp/grants.htm>.

7.9. EPA Form 6100-2 — DBE Program Subcontractor Participation Form

The form gives a DBE subcontractor the opportunity to describe the work the DBE subcontractor received from the general contractor, how much the DBE subcontractor was paid, and any concerns the DBE subcontractor might have.

- Download Form :** http://www.epa.gov/osbp/dbe_contract_admin.htm
- EPA Requirement:** Borrowers are required to have their general contractor provide this form to the DBE subcontractors.
- Form Provided By:** General contractor provides form to DBE subcontractors.
- Form Completed By:** DBE subcontractors.
- Form Submittal Process:** DBE subcontractors submit form directly to EPA: Attn. Greg Luchey, EPA Region 10, M/A OMP-145, Seattle, WA 98101; (206) 553-2967; Luchey.Greg@epamail.epa.gov. Subcontractors also send copy to general contractor.

7.10. EPA Form 6100-3 — DBE Program Subcontractor Performance Form

The form captures an intended DBE subcontractor's description of work to be performed for the general contractor and the price of the work the subcontractor submitted to the general contractor.

- Download Form:** http://www.epa.gov/osbp/dbe_contract_admin.htm
- EPA Requirement:** Borrowers are required to have their general contractor provide this form to the DBE subcontractors.
- Form Provided By:** General contractor provides form to DBE subcontractors.
- Form Completed By:** DBE subcontractors.
- Form Submittal Process:** DBE subcontractors submit form to general contractor. General contractor includes the forms in their bidding submittal

package, which is submitted to borrower.
General contractor submits form to EPA.

7.11. EPA Form 6100-4 — DBE Program Subcontractor Utilization Form

The form captures the general contractor's intended use of an identified DBE subcontractor and the estimated dollar amount of that subcontract.

Download Form:	http://www.epa.gov/osbp/dbe_contract_admin.htm
EPA Requirement:	Borrowers are required to have their general contractor complete this form if they utilize DBE subcontractors.
Form Provided By:	Borrower provides form to general contractor.
Form Completed By:	General contractor.
Form Submittal Process:	General contractor submits form as part of their bidding submittal, which is submitted to borrower. General contractor also submits form to EPA.

7.12. Reporting the Use of MBE and WBE Contractors

Borrowers must include data about their use of local minority and women contractors as part of their reporting to CAU.

7.13. Develop the Advertisement / Invitation for Bid (IFB) with Scope of Work

Borrowers are required to use a competitive bid process when choosing a general contractor for DWSRF funded projects, following the guidelines listed below. Utilizing a Small Works Roster is an acceptable method for projects \$300,000 or less.

7.14. Contents of the Invitation for Bid

Borrowers shall ensure that provisions for each of the following DWSRF requirements are included in their bid package. Additionally, these requirements must be included in the contract between the borrower and its selected general contractor, as well as in all subsequent contracts between the general contractor and all its subcontractors. See Attachment 7-F: Bid Checklist.

The IFB must include the following information and materials:

- Access to Records/Records Retention Clause
- Land and Right-of-Way/Acquisition of Property Provisions
- Other Prohibited Interests/Conflict of Interest Provision
- Contract Security/Payment and Performance Bond Requirements
- Federal Labor Standards Requirements
- Title VI of the Civil Rights Act of 1964
- Age Discrimination Act of 1975, as Amended
- Section 504 of the Rehabilitation Act of 1973, as Amended
- Executive Order 11246, as Amended
- State Nondiscrimination Clause

- Americans with Disabilities Act of 1990
- Whistleblower
- State Prevailing Wage Requirements (RCW 39.12)
- Federal Prevailing Wage Rates
- EPA Form 6100-4 DBE Program Subcontractor Utilization Form

All provisions required in the prime contract are also required for subcontractors, including labor standards requirements.

Borrowers must send a checklist of all the documents that were included in the bid packet to CAU. See Attachment 7-F Bid Checklist.

7.15. Obtaining Prevailing Wage Rates

The federal Davis-Bacon Act requires that contractors pay workers no less than the prevailing wage rate for a given category of work. A similar state law, RCW 39.12, requires that workers be *paid state prevailing wage rates*. Thus, borrowers must obtain both the federal and state prevailing rates and place them in project bid specifications. EPA has issued guidelines for DWSRF compliance with Davis Bacon Provisions and Wage Rate Requirements. Please see <http://www.wdol.gov/> as well as Attachment 7-G.

Borrowers must further stipulate that contractors and subcontractors pay workers the higher of the rates for each job classification involved in the project.

To obtain the federal prevailing wage rates, borrowers (non-municipals are required) must prepare a written request that provides:

- ⇒ A description of the project indicating the type of construction work to be performed.
- ⇒ The location of the project (city, county and state).
- ⇒ Proposed dates of advertising for bids and opening of bids.
- ⇒ Email address if wage rates are to be emailed to borrower.

This request should be submitted to CAU at:

Washington State Department of Commerce
 128 10th Avenue SW
 PO Box 42525
 Olympia, WA 98504-2525
 Attn: (CAU Project Manager)

Or, send by email to the CAU Project Manager. Please see map, Attachment 1-B: Contracts Administration Unit Regional **MAP**.

In those instances where the borrower or borrower’s consultant has access to current federal wage decisions through the internet, a copy of the applicable federal wage

decisions must be submitted to CAU prior to incorporating the federal wage decisions into the IFB.

The federal wage rates will be mailed or emailed to the borrower within two (2) working days from the receipt of the request. Both the current federal and state prevailing wage decisions must be included in the IFB.

The borrower may request the Washington State Prevailing Wage Rates from:

Department of Labor and Industries
Prevailing Wage Program
406 Legion SE
PO Box 44540
Olympia, WA 98504-4540 Phone (360) 902-5335
<http://www.lni.wa.gov/TradesLicensing/PrevWage/WageRates/default.asp>

7.16. Check Wage Rate Decisions (Ten Day Bid Check)

Once applicable wage decisions are included in the IFB, ten (10) days prior to the scheduled bid opening, borrowers are required to check with CAU to make sure that no modifications have been made to those federal wage decisions. If the federal wage decisions are still current, the bid opening may proceed on schedule. If modifications have been issued, the new wage decisions must be provided to bid package holders in the form of an addendum to the bid document. Even if the borrower has current wage decisions from a different source, CAU must be contacted for the Ten Day Bid Check.

Wage decision modifications issued less than ten days prior to bid opening do not have to be included in the IFB, if the jurisdiction feels there is insufficient time to issue an IFB amendment prior to the scheduled bid opening.

7.17. License, Bonding and Insurance for Contractors

The contractor must be licensed, bonded and insured in the State of Washington. Contractors are not required to have payment/performance bonds, which are above and beyond normal bonding requirement. However, this type of bonding ensures liability is covered and can reduce the Borrower's exposure to risk. Payment/ performance bonds are strongly encouraged for loan agreements over \$100,000. A performance bond guarantees that the Borrower will complete the contract according to its terms, including price and time. In case of default, the owner will be paid the amount of the bond, which is usually the amount of the construction contract. A payment bond guarantees that subcontractors and suppliers will be paid the money they are due from the principal contractor, which reduces the possibility of liens against the project. The Borrower should ensure the bonding company and the insurance company recognizes the borrower as an interested party and notifies the borrower if the bond or insurance is terminated. The DWSRF program should also be listed among the interested parties to be notified if a bond or insurance is terminated.

It is important that borrowers specify within the contract that they will be notified if the bond is terminated. Borrowers will need to notify the CAU if payment and/or performance bonds are terminated for any reason.

7.18. Develop the Contract Document

All the clauses and provisions that were in the construction IFB packet must be incorporated into the construction contract. All provisions required in the prime contract must also be passed on by the prime contractor to all subcontractors, including the Labor Standards Provision.

7.19. Bidders List

Borrowers must document and maintain a list of general contractors to whom bid advertisements were sent (the list must include both DBE and non-DBE bidders). The bidders list must be kept until the loan’s project period has expired and the recipient is no longer receiving EPA funding under the loan. For entities receiving identified loans, the bidders list must be kept until the project period for the identified loan has ended. The following information must be obtained from all prime and subcontractors:

- Entity’s name with point of contact;
- Entity’s mailing address, telephone number, and e-mail address;
- The procurement on which the entity bid or quoted, and when; and
- Entity’s status as an MBE/WBE or non-MBE/WBE.

Under the DWSRF program, borrowers receiving a total of \$250,000 or less in EPA funds in a given fiscal year are exempted from the Bidders List requirement.

7.20. Receive Sealed Bids

All bids received should be logged with the time and date of receipt and kept in a secure place. If a borrower is located in a rural area of the state and has difficulty in soliciting bids for construction projects, along with advertising for competitive bid in the local newspaper, they may also directly solicit bids from general contractors as part of the bidding process.

7.21. Conduct Bid Opening

Bids must be opened in public at the time and place stated in the advertisement. The bid opening can be delayed, but all the bidders must be notified in advance. If a bid opening is delayed, all bidders should have the opportunity to withdraw their bids, or, if they wish, resubmit the bid (e.g., cost of equipment, materials, etc. could increase) just before the new bid opening date and time. The public bid opening should be conducted in a business-like manner. Each bid must be read aloud during the meeting and the apparent low bidder determined. A description of the bid review/tabulation process must also be maintained in the borrower’s project files.

If no bids are received, or the received bids are too costly, re-advertise the bid ad in a wider geographic area. Borrowers are encouraged to maintain a list of reputable general contractors that have done good work for them in the past or have bid previous projects in order to alert them of the bid request.

7.22. Select the Lowest Responsible Bidder

The bids received should show in detail the estimated total cost of the work, a unit price for each component of the project and its overall individual cost, and the estimated completion schedule for each phase. The lowest responsible bidder must:

- Be licensed to work in the State of Washington;

- Have the ability, capacity, and skill to perform the work described in the contract scope of work, and comply with requirements within the indicated timeframes;
- Have good character, integrity, reputation, judgment, experience, and efficiency;
- Be able to perform within the time specified; and
- Demonstrate successful performance of previous construction contracts or services, and demonstrate compliance with laws relating to the loan contract or services.

7.23. Check Contractor Eligibility

Before awarding the contract, jurisdictions must verify that the complete name of both the low bidding firm and its owner or president are not in the Federal Excluded Parties List System (EPLS) for Ineligible Professionals and Debarred Contractors. Further, the jurisdiction must provide CAU with a computer printout documenting the firm and owner/president do not appear on the EPLS list. Borrowers are also responsible for ensuring that any subcontractors associated with the DWSRF project are not on the EPLS list. Contractor/subcontractor eligibility may be verified using the following website: www.epls.gov.

7.24. Award the Contract

The borrower must award the contract within 30 days or reject all bids. The contract must be awarded to the lowest responsible bidder whose bid conforms with all material terms and conditions of the invitation for bids.

7.25. Negotiating the Bid Price

Negotiation of bid price, based upon agreed changes to the plans and specifications in the bid documents, is allowed with a low responsible bidder under the following conditions:

- All bids exceed the available funds, as certified by the appropriate fiscal officer;
- The apparent low responsible bid does not exceed the available funds by 5% on projects valued under one million dollars, or the greater of fifty thousand dollars or 2.5% for projects valued between one million and five million dollars; and
- The negotiated adjustment will bring the bid price within the amount of available funds.

7.26. Execute the Contract

Following award of the contract, contract documents and applicable bonding and insurance must be completed and executed. Contract documents must include all items contained in the bid package, as well as the executed contract, bid proposal, contractor certifications, and bond and insurance forms.

7.27. Conduct Pre-Construction Conference

Prior to starting construction, all parties should attend a pre-construction conference to go over the project details and federal requirements. See Section 8 for details.

7.28. Send Notice of Contract Award to CAU

Within ten (10) days after contract award and signing, the borrower must submit a DWSRF Notice of Contract Award and Notice to Proceed form (Attachment 7-B: Notice of Contract Award and Notice to Proceed) to CAU. The form identifies the borrower, project name and location, contract number, contractor, award date, contract amount, bid solicitation date, number of bids received,

name and addresses of MBE and WBE businesses solicited, date Notice to Proceed was issued, start of construction date and must be signed by the borrower.

7.29. Maintain Procurement Records

Maintain documentation of the procurement process in project files for the life of the loan plus six years.

7.30. List of Reference Materials

Attachment 7-A: Example of Advertisement for Construction Contract Bids..... 67

Attachment 7-B: Notice of Contract Award and Notice to Proceed 68

Attachment 7-C: Bid Checklist..... 69

Attachment 7-D: Labor Standards Provision Municipal Borrowers 70

Attachment 7-E: Labor Standards Provisions for Non-Municipal Borrowers 79

Attachment 7-F: Davis-Bacon Flow Chart..... 86

Attachment 7-A: Example of Advertisement for Construction Contract Bids

City of Devin
Business Development Building
Bid Date, September 1, 2002
Estimated Cost of Project: \$1,200,000.00
INTIVATION FOR BIDS

Sealed bids will be received by the City of Devin Public Works Office, located at 130 SE Cascade Avenue, PO Box 413, Devin, WA 98684, until 2 P.M., September 21, 2002, for the general contract for construction of a water reservoir. The project consists of constructing a 180 foot tall water reservoir and removal of a 100 foot tall elevated tank.

Bidding documents for the project are prepared by Delco Engineering, Inc., P.S.

Availability of Bidding Documents: Bona fide general contractors may obtain the contract documents at the office of Delco Engineering, Inc., P.S., located at 1313 West Clark, Nimbi, WA 99301, (509) 454-4402 upon payment of \$75.00 per set. Copies of the contract documents may be examined at the following locations: Portland Plan Center, 1125 SE Madison, Portland OR; Associated General Contractors, 1200 Westlake North, Seattle, WA; 528 N. 20th, Yakima, WA; Spokane Construction Council, E. 102 Boone Street, Spokane, WA; Tri-City Construction Council, 34 Vista Way, Kennewick, WA; Associated Women Contractors, 921 South Elm, Seattle WA.

Bid Security: A certified or bank cashier's check in the amount of five percent (5%) of the bid amount, payable to the City of Devin, or bid bond executed by a licensed bonding company is required with each bid.

Rejection of Bids: The city shall have the right to reject any or all bids not accompanied by bid security or data required by the bidding document or a bid in any way incomplete or irregular.

The City of Devin is an equal opportunity and affirmative action employer. Disadvantaged Business Enterprises (small, minority- and women-owned businesses) are encouraged to submit bids. All work performed on the project will be subject to Davis-Bacon/Prevailing Wage requirements.

The bids will be open at 2 P.M., September 21, 2002, at the offices of Devin Public Works Department, located at 130 SE Cascade Avenue, Devin WA. For more information call Shawn Gometz at (509) 427-5484.

This project is funded by a federal loan from the Department of Health, Public Works Board and Department of Commerce Drinking Water State Revolving Loan fund program.

Attachment 7-B: Notice of Contract Award and Notice to Proceed

Borrower _____

Date Bid Solicitation Published _____ **

Bid Opening Date/Number of Bids _____

Received _____

Names/Addresses of Disadvantaged Business Enterprise _____

Solicited _____

Date Contract Awarded _____ Contract Amount \$ _____

Federal Department of Labor Prevailing Wage Rates:

Wage Decision Number: _____ Modification Number: _____

A "NOTICE OF SUSPENSION, DEBARMENT AND OTHER RESPONSIBILITY MATTERS" MUST BE SIGNED BY THE CONTRACTOR AND ATTACHED TO THE CONTRACT.

Name of Contractor _____

Date Notice to Proceed Issued _____

Date of Construction Start _____

PLEASE NOTE: The project funded by this Contract is subject to paying the higher of federal Davis Bacon prevailing wages or state prevailing wage law Chapter 39.12 RCW. The borrower should consult with their CAU project manager to determine the correct prevailing wage rate required for each worker classification that will be working on the project.

Submitted By:

Signature

Name

Street Address

Title

City State Zip

Phone

**** Please attach copy of published bid solicitation advertisement.****

Attachment 7-C: Bid Checklist

The bid documents must include the following information and materials:

- Source of federal assistance identified
- Jurisdiction identified
- Contact person and phone number
- Date, time and place of public bid opening
- Basis for rejecting bids
- Any factors, in addition to lowest price, which will determine the lowest, responsible bidder, or responsive bid
- State license requirement
- Clear, accurate description of the technical requirements for materials, products, or services (specifications)
- Plans and other pertinent attachments

Federal Requirements:

- Disadvantaged Business Enterprise
 - State and Federal Prevailing Wage Rates
 - Suspension and Debarment Certification
 - Prohibition Statement
 - Nondiscrimination Provision
 - Protection of Whistleblower
 - Labor Standards Provisions (Attachment 7-H or 7-I)
-
- Specify that a five percent (5%) bid guarantee is required
 - Bond requirements (for municipal borrowers only)
 - Specify if a 100% Performance Bond is required on contracts of \$100,000 +
 - Specify if a 100% Payment Bond is required on contract of \$100,000 +
-
- Applicable Federal Wage Decision
 - Applicable State Wage Decision
 - Equal Opportunity and Affirmative Action Provisions (referenced in the General Terms and conditions of the Public Works Board contract)
 - EPA Forms 6100-2, 6100-3, and 6100-4 for Disadvantaged Business Enterprises

Attachment 7-D: Labor Standards Provision Municipal Borrowers

Contract and Subcontract provisions.

(a) The Recipient shall insure that the subrecipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or the FY 2012 appropriation , the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The subrecipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the

project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at

<http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the subrecipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract. (C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of

the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees--

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The

ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Subrecipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

4. Contract Provision for Contracts in Excess of \$100,000.

(a) Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The subrecipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may

be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this section.

(b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

5. Compliance Verification

(a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the subrecipient should conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.

(c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date of the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The subrecipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/esa/contacts/whd/america2.htm>.

Attachment 7-E: Labor Standards Provisions for Non-Municipal Borrowers

Contract and Subcontract provisions.

(a) The Recipient shall insure that the subrecipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or the FY 2012 appropriation, the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work, will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the

wage determination; and

- (2) The classification is utilized in the area by the construction industry; and
- (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient(s) to the State award official. The State award official will transmit the report, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request, and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, provided, that the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The subrecipient(s) shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any

laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the subrecipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5

(a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees--

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress,

expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination: debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference

in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7.

Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Subrecipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

4. Contract Provision for Contracts in Excess of \$100,000.

(a) Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The subrecipient shall upon the request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by

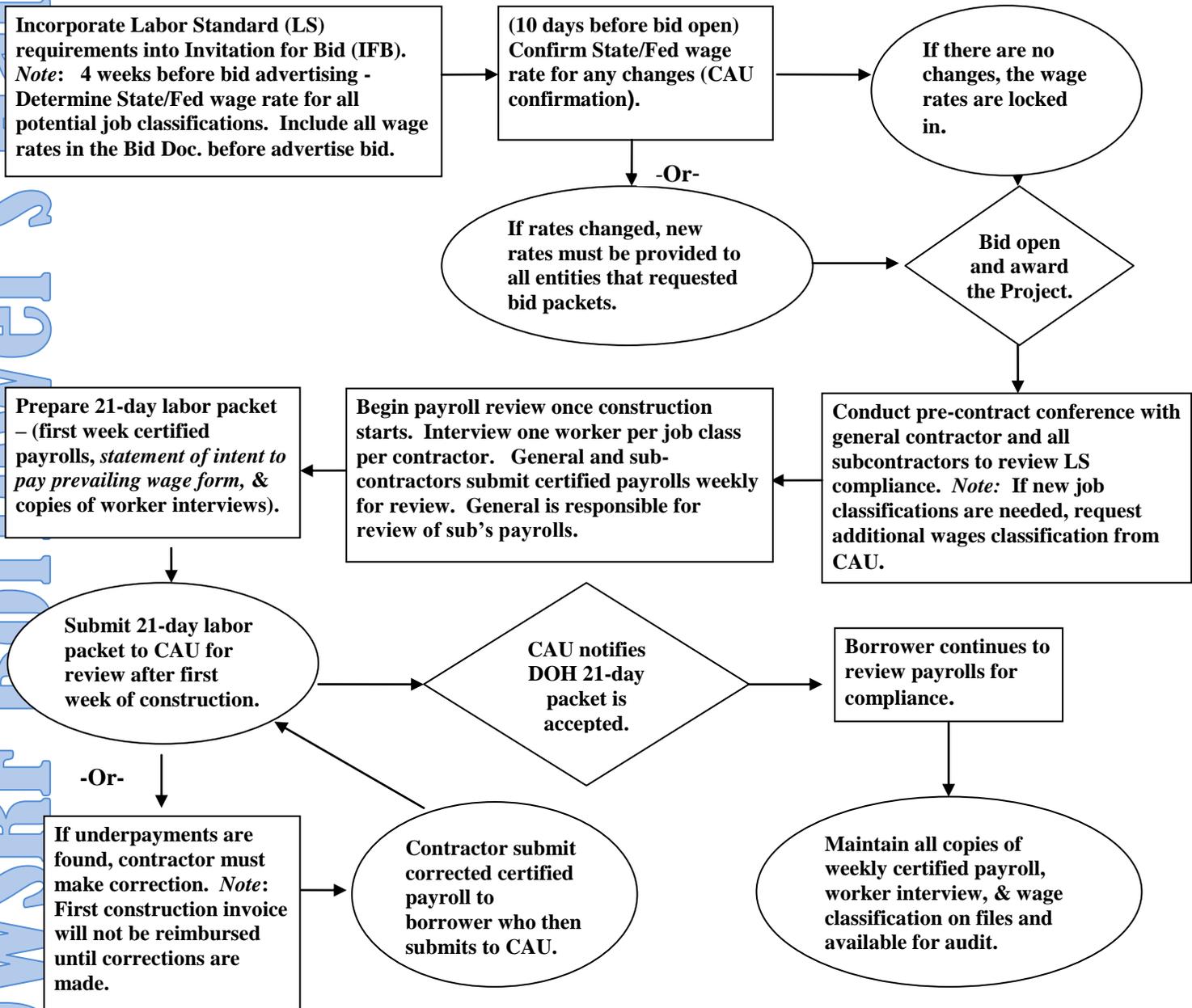
the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.

(c) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guard and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

Attachment 7-F: Davis-Bacon Flow Chart

Disclaimer: This Flow chart was developed by the PWB staff and used by technical and contracting staff to conduct DWSRF program overview with borrowers to familiarize them with the Davis Bacon requirements. This is a summarized reviewing tool only and does not guarantee compliance with all Davis Bacon requirements. Borrowers, prime contractors, and sub-contractors are responsible for compliance with all the rules and guidelines as required by the Davis Bacon Act as enacted in the laws. The PWB expressly disclaims any warranty related to the compliance with the Davis Bacon requirements and will accept no responsibility for any consequence arising from the use or reliance on this Flow Chart.



Section 8. INVESTMENT GRADE EFFICIENCY AUDIT

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Section 8. Investment Grade Efficiency Audit

A new Washington State law requires all public water systems that receive loans or grants for infrastructure to complete an investment grade efficiency audit (IGEA). This is an effort to apply energy efficiency to water systems, similar to DOH's Green Projects that was started in 2009.

Water systems are required to do the IGEA. You may finance your audit as part of your drinking water state revolving loan. The audit can be prepared by your power provider or an energy services company (ESCO). More information is available in this presentation on [Infrastructure Financing: "New Requirements for Energy Efficiency."](#)

Does this mean that every local government/system that applies for state infrastructure funding needs to do an audit? No. What it does mean is that your infrastructure project needs to demonstrate one of the following:

- Documentation that you have had an energy review prior to your loan request through your power provider (PSE, BPA, PUD...) or an Energy Services Company (ESCO)

- A third party design review may be more appropriate for projects that are brand new or are having major upgrades to their systems. If a project is unable to measure the system *before* and *after* the infrastructure project, an IGEA is not possible. An energy expert can be sub-contracted to review designs and specifications for potential energy savings.

- Demonstrate that the project under consideration has “no obtainable” energy savings.

Generally, projects with only pipe and pavement are examples where energy savings is not obtainable. However, if your road project has lighting included, it needs to be considered under the IGEA requirement.

- Complete a preliminary audit through an Energy Service Company (ESCO) to determine if there are potential long-term energy savings. If the preliminary report demonstrates that savings are obtainable a full audit of the “project” is the next step.

The borrower is encouraged to implement the capital improvements of the full audit finding but it is not mandatory. If the preliminary report does not demonstrate energy savings the preliminary report can be submitted as documentation of meeting the IGEA requirement.

Any costs associated with the IGEA or energy upgrades are an eligible expense with DWSRF loans. Be sure to incorporate these expenditures within your scope and schedule of the project.

For more information regarding the IGEA or your specific infrastructure project please contact Karen Klocke at the Department of Health (360) 236-3116, karen.klocke@doh.wa.gov.

Section 9. MANAGING CONSTRUCTION PROJECTS

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Section 9. Managing Construction Projects

9.1. Overview

Borrowers undertaking a DWSRF funded construction project must have a contract management system in place to ensure contractors perform in accordance with contract terms, conditions, specifications and applicable state and federal requirements. This system includes conducting the preconstruction conference, review of contractor and subcontractor compliance with Labor Standards, on-site inspections, review of change order requests, project closeout, release of retainage and record keeping.

9.2. Conduct the Preconstruction Conference

After awarding and signing the construction contract and before the contractor is issued a Notice to Proceed, the borrower, or its representative, is responsible for holding a preconstruction conference for the general contractor and subcontractors, engineers and other professional service providers and other interested parties. The preconstruction conference should cover the following:

- Responsibilities of the engineer, borrower, contractor and any other agencies or parties contributing to or involved in the project;
- Discuss general contract provisions, including specifications, notice to proceed, completion schedule, guarantees and warranties for materials, workmanship, change orders, etc.
- Review project inspection and reporting responsibilities of the engineer and borrower
- Describe Labor Standards requirements, prevailing wage rates, apprentices and trainees, fringe benefits, weekly payroll and on-site employee interviews;
- Requirements for final acceptance of work, special testing and/or site cleanup;
- Distribute necessary forms such as certified payroll, posters, prevailing wage rates to the contractor and subcontractors;

Maintain a record of the preconstruction conference in the project file.

9.3. Request Additional “Trade” Classifications and Wage Rates

If the work classification(s) needed does not appear on a federal wage decision, borrowers will need to request an additional classification and wage rate (even if it appears on the state wage decision). It is recommended the process be started early during the preconstruction conference. The borrower and prime contractor for the project should identify the classification needed and recommend a wage rate through CAU.

Requests can be approved if:

- p) The requested classification is used by construction contractors in the area of the project (usually defined as the county where the project is located).

- q) The work that will be performed by the requested classification is not already performed by another classification that is already on the wage decision. (In other words, if there already is an Electrician classification and wage rate on the wage decision, another Electrician classification and rate cannot be requested.)
- r) The proposed wage rate, including bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.
- s) If the prime contractor and laborers and mechanics to be employed in the classification (if known), and the borrower agree on the classification and wage rate (including fringe where appropriate).

Requests must be made in writing through the borrower, including a completed Conformance Request SF 1444 Form (Attachment 8-A). The request should identify the work classification that is missing and recommend a wage rate for the classification. Also include any pertinent documents that may be helpful (if requesting paying the state prevailing wage rate, include the state wage decision). Send the packet to CAU for review and submission to the U.S. Department of Labor (DOL) for approval. DOL's response will be forwarded to the borrower.

Contact CAU before submitting a request. They can offer suggestions and advice that may save time and increase the likelihood that DOL will approve the request. If the request is denied, the borrower will be notified what classification and rate should be used. Requesting additional classification does not hold up the payroll process. It may however result in correcting underpayments if DOL is not in agreement with the request.

9.4. Issue Notice of Contract Award & Notice to Proceed

Once the preconstruction conference is conducted, the borrower can issue the Notice to Proceed to the contractor. The notice conveys the authorization to the contractor to begin work on the project.

Note: Construction cannot begin until the borrower has received notice from CAU that DOH approves construction.

9.5. Conduct Payroll Reviews

The Federal Copeland Act requires that workers be paid at least once a week, and without any deductions or rebates except permissible deductions such as payroll taxes, deductions the worker authorizes in writing, or those provided by court order. The ACT also requires contractors to maintain payroll records and submit weekly certified payroll and statement of compliance to the borrower certifying wages paid and deductions made. The appropriate wage rates are those determined pursuant to the federal Davis-Bacon related acts and the State Prevailing Wage Act (RCW 39.12) by the Federal Department of Labor and the State Department of Labor and Industries, respectively. Borrowers must stipulate in the advertisement for bid and contract that contractors and subcontractors pay workers the higher of the prevailing state or federal rates for each job classification involved in the project.

Further, if the rate is not shown in the Davis-Bacon related acts, an additional classification must be obtained from the U.S. Department of Labor through CAU.

Borrowers must also review payrolls to determine if workers on the construction project have received appropriate rates of overtime compensation. The Contract Work Hours and Safety Act requires that laborers and mechanics receive overtime compensation at a rate of not less than one and one-half times their regular hourly wage after they have worked 40 hours in one week on DWSRF funded projects.

Weekly payroll records must be reviewed by the borrower for the following:

- t) Payrolls were submitted on time
- u) Forms were filled out completely including on the initial payroll, the name, identifying number, address, and job classification for each employee.
- v) All self-employed owners, who have no employees, are designated as an employee and are reported on the certified payroll of the General contractor (or subcontractor if hired by them). Fill out the form the same as for employees and enter “self-employed” and contracting license number where the payroll asks for deductions.
- w) If the owner of the company has employees and performs work on the project covered by Davis-Bacon wage decisions, the owner is listed as an employee on the certified payroll he submits for his employees. Fill out the form the same as for employees and enter “self-employed, owner or owner/operator”.
- x) The wages and fringes listed on the certified payroll for each job classification agree with those identified on the statement of intent to pay prevailing wages at the higher of state or federal rates.
- y) The payrolls include all the classifications being utilized even if not listed on the statement of intent to pay prevailing wages.
- z) Payrolls only include permissible deductions.
 - aa) When fringe benefits are being paid into a benefit plan, block 4(a) on the back of the certified payroll form must be checked.
 - bb) Apprentices or trainees listed on the certified payroll are working under state of federal Bureau of Apprenticeship and Training agreements. Copies of those certifications should be included with payrolls.
 - cc) The payroll form is signed.

9.6. Conduct On-Site Reviews

The borrower, or its representative, must provide for visits to the construction site to determine that:

- dd) Wage determinations are posted at the job site.
- ee) Employees are working within the proper job classification.

9.7. Conduct Employee Interviews

The borrower or its representative (not the prime contractor, or subcontractors) must conduct employee interviews (see ATTACHMENT 9-B: Employee Interview Form) with at least one employee in each trade to determine the following:

- ff) Employees are being paid the amounts/rates stated on the payrolls
- gg) Employees are being properly compensated for overtime hours

- hh) Employees are receiving their full wages and fringe benefits and are not being subjected to coercion or kickback tactics by the contractor or subcontractors.
- ii) Contractors and subcontractors are using and paying apprentices and trainees appropriately.

9.8. Submit First Week Labor Standards (21 Day Labor Packet)

For each prime and subcontractor performing work on-site during the first week of construction, the borrower must provide a copy of the following documents to CAU within 21 days after the contractors start construction on the project.

- jj) Statement of Intent to Pay Prevailing Wages
- kk) Certified Payroll for the first week pay period
- ll) Employee interview forms for the first week

The purpose for submitting the above information to CAU is to assure that any underpayments are detected early and appropriate corrections made early while easy to implement. **The first week labor standards (21 day) packet must be provided to CAU and any underpayments resolved before CAU will pay the construction reimbursement request.**

If underpayments are discovered, CAU will notify the borrower to work with the prime contractor to have restitution made and a corrected certified payroll submitted to CAU for approval.

9.9. Resolve Overtime Violations

If the prime contractor or subcontractors do not compensate a worker appropriately for overtime, the borrower needs to notify CAU and work with the prime contractor to resolve the overtime violations.

- mm) If the violation is less than \$10 per worker, the violation does not have to be reported.
- nn) If the violation is \$10 or more per worker, the prime contractor must make payment or assure payments are made by subcontractors and submit a corrected certified payroll and a copy of the check to the worker, and send it to the borrower. Any time the violation is \$10 to \$999, the borrower must notify CAU in writing. If the violation is \$1,000 or more, the borrower must submit a Labor Standards Enforcement Report to CAU who will coordinate the violation with the Department of Labor or EPA (contact CAU for assistance in filing this report).

9.10. Resolve Other Underpayments

If a mathematical error, misclassifications, or other error that results in the underpayment of wage or fringe benefits occurs, the prime contractor or subcontractor must make restitution and submit a corrected certified payroll and a copy of the check showing the underpayment made to the worker, to the borrower. A signed Statement of Compliance must be attached to the corrected certified payroll.

9.11. Conduct Technical Inspections

During construction, the borrower is responsible for monitoring contractor/subcontractor progress and compliance with technical requirements of the project. Typically, this monitoring process is the responsibility of the project engineer, consulting engineer or architect; however, the borrower should designate someone locally with oversight responsibility. The purpose of the technical monitoring process is to ensure that the project is constructed as planned, within budget and estimated timeframes, and within specified quality and quantity standards.

9.12. Maintain Project Records

The borrower is required to maintain project records that document all financial, monitoring and inspection transactions, and progress reviews that occur during the life of the project. Borrowers must maintain copies of weekly certified payrolls and any corrected certified payrolls, copies of correspondence and resolution of overtime violations, and copies of employee interviews in the project files for the life of the loan as defined by the contract plus six years.

9.13. Project Completion Requirements and Certified Report

When the project is complete, the borrower is required to submit the DOH Construction Completion Report to the DOH Regional Engineer. A copy of the approved report or the approval letter from the DOH Regional Engineer must be submitted to CAU, prior to closing out the project.

To complete the closeout process, the borrower must also submit a Project Completion request to CAU through PWeB online forms. The request begins the process to close out your project. CAU will issue a close out amendment to be signed by the borrower.

ATTACHMENT 9-A: Request for Authorizing Additional Classification & Rate

(Also available at: <http://www.wdol.gov/docs/Sf1444.pdf>)

REQUEST FOR AUTHORIZATION OF ADDITIONAL CLASSIFICATION AND RATE				CHECK APPROPRIATE BOX <input type="checkbox"/> SERVICE CONTRACT <input type="checkbox"/> CONSTRUCTION CONTRACT		OMB No.: 9000-0089 Expires: 02/28/96	
Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (VRS), Office of Federal Acquisition Policy, GSA, Washington, DC 20405; and to the Office of Management and Budget, Paperwork Reduction Project (9000-0089), Washington, DC 20503.							
NOTE: THE CONTRACTOR SHALL COMPLETE ITEMS 3 THROUGH 16 AND SUBMIT THE REQUEST, IN QUADRUPPLICATE, TO THE CONTRACTING OFFICER							
1. TO: ADMINISTRATOR, Employment Standards Administration WAGE AND HOUR DIVISION U.S. DEPARTMENT OF LABOR WASHINGTON, D.C. 20210				2. FROM: (REPORTING OFFICE)			
3. CONTRACTOR						4. DATE OF REQUEST	
5. CONTRACT NUMBER	6. DATE BID OPENED (SEALED BIDDING)	7. DATE OF AWARD	8. DATE CONTRACT WORK STARTED	9. DATE OPTION EXERCISED (IF APPLICABLE) (SCA ONLY)			
10. SUBCONTRACTOR (IF ANY)							
11. PROJECT AND DESCRIPTION OF WORK (ATTACH ADDITIONAL SHEET IF NEEDED)							
12. LOCATION (CITY, COUNTY AND STATE)							
13. IN ORDER TO COMPLETE THE WORK PROVIDED FOR UNDER THE ABOVE CONTRACT, IT IS NECESSARY TO ESTABLISH THE FOLLOWING RATE(S) FOR THE INDICATED CLASSIFICATION(S) NOT INCLUDED IN THE DEPARTMENT OF LABOR DETERMINATION							
NUMBER: _____		DATED: _____					
a. LIST IN ORDER: PROPOSED CLASSIFICATION TITLES(S); JOB DESCRIPTION(S); DUTIES; AND RATIONALE FOR PROPOSED CLASSIFICATIONS (SCA ONLY)			b. WAGE RATE(S)		c. FRINGE BENEFITS PAYMENTS		
<i>(Use reverse or attach additional sheets, if necessary)</i>							
14. SIGNATURE AND TITLE OF SUBCONTRACTOR REPRESENTATIVE (IF ANY)				15. SIGNATURE AND TITLE OF PRIME CONTRACTOR REPRESENTATIVE			
16. SIGNATURE OF EMPLOYEE OR REPRESENTATIVE			TITLE		CHECK APPROPRIATE BOX-REFERENCING BLOCK 13.		
					<input type="checkbox"/> AGREE <input type="checkbox"/> DISAGREE		
TO BE COMPLETED BY CONTRACTING OFFICER (CHECK AS APPROPRIATE - SEE FAR 22.1019 (SCA) OR FAR 22.406-3 (DBA))							
<input type="checkbox"/> THE INTERESTED PARTIES AGREE AND THE CONTRACTING OFFICER RECOMMENDS APPROVAL BY THE WAGE AND HOUR DIVISION. AVAILABLE INFORMATION AND RECOMMENDATIONS ARE ATTACHED.							
<input type="checkbox"/> THE INTERESTED PARTIES CANNOT AGREE ON THE PROPOSED CLASSIFICATION AND WAGE RATE. A DETERMINATION OF THE QUESTION BY THE WAGE AND HOUR DIVISION IS THEREFORE REQUESTED. AVAILABLE INFORMATION AND RECOMMENDATIONS ARE ATTACHED.							
<i>(Send copies 1, 2, and 3 to Department of Labor)</i>							
SIGNATURE OF CONTRACTING OFFICER OR REPRESENTATIVE			TITLE AND COMMERCIAL TELEPHONE NO.		DATE SUBMITTED		

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DEPARTMENT OF LABOR

STANDARD FORM 1444 (REV. 12-90)
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ATTACHMENT 9-B: Employee Interview Form

LABOR STANDARDS INTERVIEW						
CONTRACT NUMBER		EMPLOYEE INFORMATION				
NAME OF PRIME CONTRACTOR		LAST NAME	FIRST NAME	MI		
NAME OF EMPLOYER		STREET ADDRESS				
SUPERVISOR'S NAME		CITY	STATE	ZIP CODE		
LAST NAME	FIRST NAME	MI	WORK CLASSIFICATION	WAGE RATE		
ACTION					CHECK BELOW	
Do you work over 8 hours per day?					YES	NO
Do you work over 40 hours per week?					YES	NO
Are you paid at least time and a half for overtime hours?					YES	NO
Are you receiving any cash payments for fringe benefits required by the posted wage determination decision?					YES	NO
WHAT DEDUCTIONS OTHER THAN TAXES AND SOCIAL SECURITY ARE MADE FROM YOUR PAY?						
HOW MANY HOURS DID YOU WORK ON YOUR LAST WORK DAY BEFORE THIS INTERVIEW?		TOOLS YOU USE				
DATE OF LAST WORK DAY BEFORE INTERVIEW (YYMMDD)						
DATE YOU BEGAN WORK ON THIS PROJECT (YYMMDD)						
THE ABOVE IS CORRECT TO THE BEST OF MY KNOWLEDGE						
EMPLOYEE'S SIGNATURE					DATE (YYMMDD)	
INTERVIEWER	SIGNATURE		TYPED OR PRINTED NAME		DATE (YYMMDD)	
INTERVIEWER'S COMMENTS						
WORK EMPLOYEE WAS DOING WHEN INTERVIEWED		ACTION (If explanation is needed, use comments section)		YES	NO	
		IS EMPLOYEE PROPERLY CLASSIFIED AND PAID?				
		ARE WAGE RATES AND POSTERS DISPLAYED?				
FOR USE BY PAYROLL CHECKER						
IS ABOVE INFORMATION IN AGREEMENT WITH PAYROLL DATA?						
<input type="checkbox"/> YES <input type="checkbox"/> NO						
COMMENTS						
CHECKER						
LAST NAME		FIRST NAME		MI	JOB TITLE	
SIGNATURE					DATE (YYMMDD)	

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STANDARD FORM 1445 (REV. 12-98)
Prescribed by GSA - FAR (48 CFR) 53.222(g)

Glossary

A-19 Reimbursement Voucher

The form used to request payment for DWSRF expenses incurred.

Central Contractor Registration (CCR)

The CCR is a government-wide registry for organizations that seek to do business with the federal government.

Circular A-133

A federal audit required of all borrowers who draw over \$500,000 in a calendar year.

COMMERCE

Washington State Department of Commerce.

Competitive Bid Process

All construction activities must be contracted out to the lowest responsible bidder through a competitive bidding process.

Construction Completion Report

A form submitted to the Washington State Department of Health by the project engineer certifying that the project is complete.

Contracts Administration Unit (CAU)

A work group within the Washington State Department of Commerce responsible for managing DWSRF contracts from the point of execution through project completion and loan repayment.

Data Universal Numbering System (DUNS)

A unique nine-character identification number.

Department of Archaeology and Historic Preservation (DAHP)

Washington State Department of Archaeology and Historic Preservation, which reviews cultural resource activities for federal and state funded projects.

Department of Labor and Industries (L&I)

Washington State Department of Labor and Industries.

Electronic Funds Transfer (EFT)

DWSRF borrowers are encouraged to sign up for EFT to have funds transferred to their accounts electronically rather than through the mail by State Warrant.

Environmental Review	State Environmental Review Process (SERP) or the National Environmental Policy Act (NEPA). The Washington State Department of Health determines which process will be used and approves the completion of the process. Process must be complete prior to starting construction.
Environmental Protection Agency (EPA)	U.S. Environmental Protection Agency.
Excluded Parties List (EPLS)	Federal suspension and debarment actions prevent companies and individuals from participating in government contracts, subcontracts, loans, grants and other assistance programs. The Excluded Parties List is available at www.epls.gov .
Executed Contract	A contract is considered “executed” once the document is signed by the borrower and the BOARD.
Invitation for Bid (IFB)	Bid packet containing all the pertinent information the contractor will need to bid on a project.
Lowest Responsible Bidder	A term used to determine the successful contractor for a construction project that has been competitively bid.
Investment Grade Efficiency Audit (IGEA)	The primary purpose of the IGEA is to assure that infrastructure projects using electricity, motors, or pumps evaluate the efficiency of the equipment being considered.
NEPA	National Environmental Policy Act.
Office of Drinking Water (ODW)	Washington State Department of Health’s (DOH) Office of Drinking Water.
Prevailing Wages	Hourly wage and usual benefits paid in the largest city, in each county, to the majority of workers, laborers, and mechanics as determined by the federal Department of Labor and by the Washington State Department of Labor and Industries for each trade and occupation employed in the performance of public work.
Project Report and Related Construction Documents	Prior to starting construction, DOH requires DWSRF borrowers to submit a Project Report and Construction Documents for approval to the DOH Regional Engineer.
PW BOARD / BOARD	Washington State Public Works Board.
PWeB	The BOARD’s online contract management system that borrowers use to access loan information, submit reports and request amendments to their contract.

**Section 106
Cultural/Historical Review**

The federal requirement that, prior to construction, any impacts to cultural resources be minimized or mitigated. DOH approves the completion of the process. No construction draw reimbursements can be made until this process is completed.

SEPA

State Environmental Policy Act.

Statewide Vendor Number

A vendor number established through the Washington State Office of Financial Management.

Suspension and Debarment

Federal suspension and debarment actions prevent companies and individuals from participating in government contracts, subcontracts, loans, grants and other assistance programs. Searches on contractors who have been suspended or debarred from federal contracts can be conducted at www.epls.gov.

