AIS (American Iron and Steel) requirements for Clean Water and Drinking Water SRF loans

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AIS (American Iron and Steel)

• Agenda
  — Who has to comply?
  — What are the requirements?
  — What products does this apply to?
  — Can I get out of this?
  — What kind of documentation do I need?

The AIS requirement

“No SRF funds shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States.”

Who Does AIS Apply To?

— Any project funded in whole or in part with SRF loan funds
— Construction, alteration, maintenance, or repair of a public water system or treatment works
— The entire project
  • no matter when construction begins or ends
  • including partial funding

What is a project?

— A “project” consists of all construction necessary to complete the building or work
— May involve multiple contracts or loan agreements.
— “closely related in purpose, time and place”.

What products are covered?

• Only Iron and Steel Products
  — primarily of iron or steel
    • more than 50% iron or steel
    • based on the material costs
  — Permanently incorporated into the project.
• Does not include mechanical or electrical components
Products Specifically Mentioned in the AIS requirement

1. Lined or unlined pipes or fittings;
2. Manhole Covers;
3. Municipal Castings;
4. Hydrants;
5. Tanks;
6. Flanges;
7. Pipe clamps and restraints;
8. Valves;
9. Structural steel;
10. Reinforced precast concrete; and

Municipal Castings
- Cast iron or steel products
- Melted and cast
- Typically provide access, protection, or housing for components
- Typically made of grey iron, ductile iron, or steel.

Examples of municipal castings
- Access Hatches;
- Ballast Screen;
- Benches (Iron or Steel);
- Bollards;
- Cast Bases;
- Cast Iron Hinged Hatches, Square and Rectangular;
- Cast Iron Riser Rings;
- Catch Basin Inlet;
- Cleanout/Monument Boxes;
- Construction Covers and Frames;
- Curb and Corner Guards;
- Curb Openings;
- Detectable Warning Plates;
- Downspout Shoes (Boot, Inlet);
- Drainage Grates, Frames and Curb Inlets;
- Inlets;
- Junction Boxes;
- Lampposts;
- Manhole Covers, Rings and Frames, Risers;
- Meter Boxes;
- Service Boxes;
- Steel Hinged Hatches, Square and Rectangular;
- Steel Riser Rings;
- Trash receptacles;
- Tree Grates;
- Tree Guards;
- Trench Grates; and
- Valve Boxes, Covers and Risers.

Structural steel
- Structural steel is rolled flanged shapes
- I-beams, channels, angles, tees and zees.
- One dimension of their cross-section three inches or greater.

Reinforced precast concrete
- Reinforced precast concrete is not 50% iron or steel
- The reinforcing bar and wire must be produced in the US
- The casting of the concrete product must take place in the US.

Reinforced precast concrete
- The cement and other raw materials not required to be from the US.
- Reinforced concrete cast at the construction site has to meet the same requirements.
- Reinforcing bar and wire are considered to be a construction material and must be produced in the US.
### Construction materials
- Construction materials are permanently incorporated into the project.
- Construction Materials do not include mechanical and/or electrical components, equipment and systems.
- May overlap with what is also considered “structural steel”.

### Examples of Construction materials
- wire rod,
- bar, angles,
- concrete reinforcing bar,
- wire,
- wire cloth,
- wire rope and cables,
- tubing,
- framing,
- joists,
- trusses,
- fasteners (i.e., nuts and bolts),
- welding rods,
- decking,
- grating,
- railings,
- stairs,
- access ramps,
- fire escapes,
- ladders,
- wall panels,
- dome structures,
- roofing,
- ductwork,
- surface drains,
- cable hanging systems,
- manhole steps,
- fencing and fence tubing,
- guardrails,
- doors, and
- stationary screens.

### What does “produced in the United States” mean?
- All manufacturing processes must take place in the United States.
- But not metallurgical processes involving refinement of steel additives.

### Temporary Items
- **Temporary items** are not required to be made of U/S Iron or Steel.
  - For example:
    - trench boxes
    - scaffolding or equipment
    - Other temporary items necessary to the project that are removed from the site upon completion.

### Manufacturing Processes
- If any part of the manufacturing process occurs outside of the US, it becomes foreign product.
- Raw materials are not covered by the AIS requirement,
  - iron ore, limestone and iron and steel scrap and coating material(s),
- Non-iron or steel components of an iron and steel product may come from non-US sources.
  - valves and hydrants
- AIS does not apply to re-used items.
Exceptions & Waivers

Exceptions

- Waivers are available on a product by product basis.
  - The SRF agency must file the application for a waiver.
  - Full documentation must be provided by the loan recipient.

Exceptions

- Prior Plan approval
  - If your plans and specs were approved prior to April 15, 2014
    - Approval was by the state agency under normal course of business
  - OR bid advertisement date prior to April 15, 2014
    - All AIS requirements for the project are waived

Exceptions

- Prior Loan signature
  - If your loan agreement was signed prior to January 17, 2014, AIS requirements do not apply to the project
  - This is only the project funded by that loan
  - If a new loan for a following phase, it may include the AIS requirements

Waivers

- When to apply for a waiver
  - As soon as possible
  - Iron and steel products should be evaluated during design
  - Pre-bid conferences can identify domestic availability
  - EPA has not committed to a timeline on waiver response
  - There is a required 15 day public comment period

Types of Waivers

1. Public interest
2. Quantity / Quality
3. Cost
4. de minimis

Types of Waivers

- Public interest
  - Application must show that the AIS requirements would be inconsistent with the public interest
- Quantity / Quality
  - Waiver application must show that domestic iron and steel products are not produced:
    - In sufficient and reasonably available quantities, or
    - Of a satisfactory quality
  - i.e. you just can’t get the product you need from US sources
- Cost
  - Waiver application must show that the AIS requirement will increase the cost of the overall project by more than 25 percent.
**de minimis waiver**

- National waiver issued for de minimis items.
- **de minimis items are:**
  - incidental components
  - Low cost, miscellaneous character, procured in bulk
  - Washers, screws, fasteners, wire, corner bead, ancillary tubing, etc.
- **Cost limits**
  - Cumulative cost less than 5% of the total material cost of the project.
  - Any individual item less than 1% of the total material cost of the project
- **To use the de minimis waiver you must document:**
  - Specific de minimis items
  - Their cost
  - Project total material cost

**AIS Required Documentation**

- **Step certification.**
  - Documentation of each step in the manufacturing process
  - Each handler certifies their step(s) took place within the United States
  - Creates a paper trail back to raw materials
- **Certifications must state:**
  - the name of the manufacturer,
  - the location of the manufacturing facility where the product or process took place (not its headquarters)
  - a description of the product, item, or process
  - a signature by a manufacturer’s responsible party

**AIS Required Documentation**

- **Certification examples:**
  1. A refines iron ore, forms and rolls I-beams at their facility
     - One certification from A
  2. B refines iron ore to ingots. C melts the ingots and centrifugally casts ductile iron pipe. D applies an external coating to the pipe. E applies a glass lining to the pipe
     - 5 certifications from each step in the process
     - All steps manufacturing steps have to occur domestically.
     - No certifications for the raw materials. Ore, glass frit, coating, etc.

**Contacts & Resources**

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- Other resources
  - [http://water.epa.gov/grants_funding/aisrequirement.cfm](http://water.epa.gov/grants_funding/aisrequirement.cfm)

EPA central cite for AIS requirements, guidance, new waivers, public comment on waivers.