



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

OFFICE OF
WATER

August 14, 1987

SRF 87-01

MEMORANDUM

SUBJECT: State Revolving Fund (SRF) Implementation and Construction Grants Program
Transition to SRF

FROM: James A. Hanlon, Director /s/
Municipal Construction Division (WH-547)

To: Water Management Division Directors
Regions I-X

The purpose of this memorandum is to propose the establishment of a work group to develop operational strategies for implementing EPA's assigned oversight and audit responsibilities under Title VI (SRF) of the Clean Water Act and to assure a smooth transition from the construction grants program under Title II to the SRF concept.

As you know, in recent months much effort has been invested in the development of policy and guidance materials intended to assist the Regions and States in establishing and implementing SRFs. Two recent and highly significant accomplishments were the SRF training courses offered to State and EPA personnel and the forthcoming initial SRF program guidance.

We now need to focus our attention on areas of responsibility assigned directly to EPA under Title VI: the Annual Federal Audit (Sec. 606(b)) and the Annual Federal Oversight Review (Sec. 606(e)). Toward the objective of consistent national implementation of the audit/oversight requirements, an EPA-State work-group is being established to prepare applicable operational strategies-or guidelines.

A separate but related matter is management of the construction grants program during the transition to SRF. Although Title II funding is authorized through FY 1990, States may transfer all available FY 1989 and 1990 allotments to Title VI. At the same time, many projects funded with Title II grants will need to be initiated, completed and closed-out over the next several years - probably-well into the 1990's. Maintenance of high quality delegated State programs must be a priority during this period, and we should have a strategy- for seeing the program through to its conclusion. Again, the work group approach-appears to be appropriate for developing such a strategy.

Because certain management principles and lessons from the delegation of the construction grants program may be applied to SRFs, and because many of the individuals who would participate in preparing SRF guidelines are knowledgeable in the management of construction grants delegation, I propose that one work group be established to handle both assignments. Please let me have your views on this and the other following considerations:

Dates of work group meeting: Due to the current shortage of travel funds, the meeting should be early in FY 1988, possibly in conjunction with the WPCF meeting in Philadelphia, October 5 - 8, 1987.

Make-up of the work group: One volunteer representative from each of four Regional Offices, plus three State representatives and three HQ representatives, for a total of 10.

Specific issues to be discussed/resolved: Please give us your input on these. In addition to the specific tasks to be assigned, the work group may be asked to review work products to be prepared under other OMPC initiatives dealing with State intended use plan guidance and State annual report guidance. Also, it may be desirable to revise the delegation oversight guidance as part of the work group's effort.

Timetable: The final guidelines should be issued by December 31, 1987.

There will be an opportunity to discuss the above during the C.G. Branch Chiefs Meeting scheduled to be held in Washington, D.C., September 1-2, 1987. If you have questions, please let me know.

Comments or suggestions should be telephoned to Robert E. Lee, Chief, Delegation Management Branch (FTS-382-7359) or to Arnold Speiser (FTS-382-7377) no later than August 26, 1987.

cc: C.G. Program Managers