



Rural Development

DECISION MEMORANDUM

Rural Utilities Service

DATE: April 6, 2022

Water &
Environmental
Programs

SUBJECT: Availability-Based Project Waiver of American Iron and Steel Requirements for ¾”, 1” and 2” Schedule 10 (SCH10) type 316 stainless-steel pipe and fittings for the South San Luis Obispo County Sanitation District (SSLOCSD), Oceano, CA, Oceano Redundancy Project.

1400 Independence
Ave SW
Washington, DC
20250

Waiver Number: 22-003

FROM: Charles D. Stephens
Assistant Administrator
Acting Director, Environmental and Historic Preservation Staff
Water and Environmental Programs

Decision: The U.S. Department of Agriculture (USDA) is hereby granting an availability-based project-specific waiver of the American Iron and Steel (AIS) requirements to the South San Luis Obispo County Sanitation District (SSLOCSD) for purchase of ¾”, 1” and 2” Schedule 10S (SCH10S) type 316 stainless-steel pipe and fittings for use on its Oceano Redundancy project. These items will be used in aeration air piping system. This waiver is to permit the use of non-domestic products because no domestic source could be found that could provide these items and meet the project’s technical specifications.

This is a project-specific waiver which applies only to the use of the specified products for the referenced project funded by the USDA Rural Development (RD) Rural Utilities Service (RUS) Water and Waste Disposal (WWD) Loan and Grant program under the Water and Environmental Programs (WEP). Any other project that wishes to use the same products must submit a separate waiver request based on the specific project circumstances.

Rationale: The AIS provision of the Consolidated Appropriations Act of 2017 (Public Law 115-31) and subsequent statutes require WEP assistance recipients to use domestic iron and steel products unless RD determines that it is necessary to waive this requirement. USDA has the authority to issue waivers in accordance with section 746 (b)(2) of P.L.115-31, which states in part: “[the requirements] shall not apply in any case or category of cases in which the Secretary of Agriculture ... or the designee of the Secretary finds that ... iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality.” Approval of project specific waivers of the American Iron and Steel requirement is delegated to the Engineering and Environmental Staff Director in the delegation memo dated July 2017.

Background of Waiver Request: The South San Luis Obispo County Sanitation District (SSLOCSD) project involves the expansion of existing processes within the

district's wastewater treatment plant, including a new aeration basin, secondary clarifier, blower building, process piping, and electrical work. It requires installation of Schedule 10S (SCH10S) ¾", 1", and 2" diameter 316 stainless-steel pipe and fittings. Type 316 stainless steel is needed due to the corrosive nature of the wastewater. The project is seeking the following items in SCH10S, 316 stainless steel:

- ¾" pipe, 80 linear feet (LF)
- ¾" 90-degree elbows, 13 EA
- 1" pipe, 210 LF
- 1" 90-degree elbows, 31 EA
- 2" pipe, 320 LF
- 2" 90-degree elbows, 20 EA
- 2" Tees, 2 EA
- 2" reducing tees, 12 EA

The SSLOCSD reached out to three different manufacturers or distributors, who all stated that the required stainless-steel pipes and fittings could not be supplied domestically. USDA's contractor contacted nine manufacturers and suppliers, including the three contacted by the applicant. Eight of the nine manufacturers and suppliers responded. Six stated that they could not provide AIS-compliant products meeting the project specification. Two companies responded they could provide AIS-compliant pipe and fittings, and USDA encouraged the project to contact these two companies. After further discussions, it was determined that neither of these two companies could provide AIS-compliant products meeting project specifications.

In the last year, the US Environmental Protection Agency (EPA) has also performed market research for small diameter stainless-steel pipe and fittings for similar projects. Apparently unsuccessful in locating the products, EPA approved waivers for 1/2"-2" diameter stainless-steel pipes and fittings for the City of Santa Monica Sustainable Water Infrastructure Project and for 1"-4" diameter stainless steel pipes and fittings for the San Luis Obispo Water Resource Recovery Facility Project. This latter project is located approximately 20 miles to the north of this project.

The SSLOCSD submitted a formal request to RD to waive the AIS requirements for the restrained couplings on March 15, 2022. Per statutory requirement, the waiver request was posted on RD's AIS website for the mandatory 15-day public comment period, and received no comments.

Finding: USDA is granting an availability-based waiver from the AIS requirements to the South San Luis Obispo County Sanitation District (SSLOCSD), Oceano, CA, for their Oceano Redundancy Project with respect to ¾", 1", and 2" SCH10S type 316 stainless-steel pipe and fittings. This waiver permits the items listed in the district's waiver request submittal to be purchased and installed on the project, which is funded wholly or in part using WEP funds.

Legal Authority: Legal authority for the AIS requirements for WEP projects is included under the Consolidated Appropriations Act of 2017 and subsequent statutes, under the authority of section 746 (b)(2) of P.L.115-31.

If you have questions concerning the contents of this memorandum, please contact WEP Engineering at WEPEngineering@usda.gov.