



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
WATER

October 16, 2000

MEMORANDUM

Subject: Withholding provisions affecting DWSRF capitalization grants

From: William R. Diamond, Director /s/
Drinking Water Protection Division

To: EPA Regional DWSRF Coordinators
State DWSRF Coordinators

As you know, the Safe Drinking Water Act (SDWA) included three provisions that call for a withholding of Drinking Water State Revolving Fund (DWSRF) grant funds where states fail to implement necessary programmatic requirements. States have successfully navigated the initial withholding determinations for the first two of these provisions which related to assuring the technical, financial and managerial capacity of new water systems and developing a strategy to address the capacity of existing systems. I believe that some states have already made use of their new system authority requirements to prevent the creation of new systems that would have become problems for state water programs down the road. I am also told that the strategies states submitted for approval show great variety and creativity in the different approaches taken to address individual state situations and needs. Although the threat of DWSRF withholding may have been at the forefront of some state's thinking as they were working to comply with the requirements associated with these two provisions, I believe that all states now understand the true benefits that these programs will provide in helping states oversee public water systems.

However, I am writing to remind you of another deadline that is rapidly approaching. This deadline is related to requirements for states to develop operator certification programs that comply with guidelines released by EPA in February, 1999. Although there are differing deadlines regarding the approval of operator certification programs depending on whether they are submitted as substantially equivalent or revised, there is one deadline that all states must meet. **States must submit a program for approval by February 5, 2001 or be subject to an automatic withholding of 20 percent of their unawarded fiscal year 2001 DWSRF grant funds.** Please note that, unlike other deadlines associated with the operator certification program approvals, funds will not be "held back" and released when the state submits its program. If a program is not submitted by February 5, the funds will be lost permanently.

Please make note of this important deadline and work with your state operator certification program managers to ensure that it is met. If your state is considering submitting an application for DWSRF grant funds in order to receive its fiscal year 2001 grant prior to February 5, it is critical that you work with the region to ensure that application materials are submitted early to give the region sufficient time to review the materials. If you have any questions about the DWSRF program, please contact Veronica Blette at (202) 260-3980. If you have questions about the operator certification program, please contact Jenny Jacobs at (202) 260-2939.

cc: EPA Regional Drinking Water Branch Chiefs
EPA Regional Operator Certification Coordinators