

**SECTION C, PART II
ON-SITE SEWER FACILITY (OSSF) and
FIRST-TIME YARDLINE ASSISTANCE**

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SECTION C, PART II

ON-SITE SEWER FACILITY (OSSF) and FIRST-TIME YARDLINE ASSISTANCE

Program Definitions:

1. On-Site Sewer Facilities (OSSF) refers to First-Time On-Site Sewage Facilities or replacement of On-Site Sewage Facilities.
2. First-Time Yard Lines refers to scattered yard line connections (not associated with the installation of a main trunk line).

ON-SITE SEWER FACILITY (OSSF)

CII1.0 Introduction

For projects that include the provision of first-time on-site sewage facilities or replacement of on-site sewage facilities, the installation of septic systems on private property is considered a housing rehabilitation activity and must meet the housing activity criteria under the TxCDBG Program. TxCDBG funds will only pay for the systems that are located on homeowner's private property for Low-to-Moderate Income (LMI) persons.

The beneficiary of the OSSF assistance must be a LMI resident which can be a renter or the owner of the single family dwelling; however, if not owner occupied LMI, then the County must establish in the Guidelines how it will ensure that renters are LMI throughout the assistance period. In addition, the County will have to establish an agreement with the homeowners that they will not increase rent or change rental amounts to more than the annual Home Rental Limits published by HUD.

On the State level OSSF activities are governed by:

- Title 30 Texas Administrative Code (TAC), Chapter 285, Subchapter A contains the rules for OSSF application and permit requirements.
- Title 30 Texas Administrative Code (TAC), Chapter 285, Subchapter D contains the rules for planning, construction, and installation of an OSSF.
- Texas Health and Safety Code Chapter 366, Subchapter D is the state law that governs the OSSF permitting program.

In order to administer the project, the Grant Recipient must develop OSSF Guidelines, which will require TDA approval during the grant application process prior to an award. See **Form CII2** for the OSSF Guidelines template. All OSSF Guidelines must be approved by TDA before being adopted by the locality.

****Submission of the guidelines with the grant application does not constitute approval by TDA. Grant Recipient must have written approval of the guidelines before being adopted by locality and conducting outreach for applicants.**

CII1.1 Steps in OSSF Project Delivery

Below are typical steps involved in the delivery of an OSSF project using TxCDBG funds. The steps follow in a sequential manner although some may occur simultaneously:

Step 1. Administrative Start-up:

- The Grant Recipient procures professional services in accordance with all state and federal laws and guidelines (see Chapter 5 Procurement Procedures) as needed, including engineering, if applicable, and grant administration services.
- An OSSF Coordinator is designated, which may be an employee of the Grant Recipient or a professional administrator.
- The Grant Recipient completes a broad-level environmental review as described in Chapter 3 and receives clearance from the TDA Environmental Regulatory Officer. In addition, a site-specific environmental review must be completed during Step 3 for each individual property. The Grant Recipient should consult with TDA's Environmental Specialist for any guidance required with program environmental review compliance.

Step 2. Homeowner OSSF Application Process:

- Outreach – The Grant Recipient publicizes the availability of OSSF installation and replacement assistance for the designated project area normally via the local newspaper and with public postings. The County may use other methods of outreach to potential beneficiaries in target areas such as delivery of door-to-door flyers, public service announcements in local media and community meetings.
- Applications are accepted from homeowners.
- The Grant Recipient verifies property ownership, primary residence, and income-eligibility for each application.
- Ownership is documented by a deed; a leasehold agreement with a 99 year leasehold term; statement of ownership and location (for Manufactured Housing Units).
- Common types include a Warranty Deed; a Warranty Deed with Vendor's Lien; a Special Warranty Deed; a Gift Deed; a Quit Claim Deed; and a Sheriff's Deed.
 - A Contract for deed is not a deed and does NOT convey ownership or title to the property. Therefore, federal assistance for homes that were financed through contract for deeds financing mechanisms will not be allowed.
 - For homes located within a colonia, assistance converting a contract for deed to a traditional warranty deed is available. Contact the Texas Department Housing and Community Affairs (TDHCA) HOME Program.
- Homeowners qualifying for assistance must certify that they will fully comply with requirements of the Texas Commission on Environmental Quality (TCEQ) at 30 TAC §285.36 pertaining to proper decommissioning of abandoned tanks, boreholes, cesspools, and seepage pits.
- Grant Recipients must maintain an OSSF assisted homeowner case file at the locality (see **Form CII3**, *OSSF Case File Review Checklist*).

Step 3. Applicant List:

- The Grant Recipient develops an Applicant List of proposed OSSF assisted homeowners, based on their adopted and TDA-approved OSSF Guidelines. This list must be maintained at the locality.
- The Grant Recipient screens homeowner applications for eligibility to receive assistance on a first-come-first-served basis or according to a scale of qualifying factors (e.g., disabled, elderly, families with minor children, etc.). This should be clearly outlined in the TDA-approved OSSF Guidelines. See (**Form CII2**) OSSF Guideline template.

- Once the Applicant List has been finalized, the Grant Recipient completes a site-specific environmental assessment for each individual property. The Grant Recipient should consult with TDA's Environmental Specialist for any guidance required with program environmental review compliance.

Step 4. Site Evaluator: Soil Evaluation and Design of OSSF Systems:

The Grant Recipient shall use the TCEQ licensed list and notify at least 3 qualified Site Evaluators (recommend 5) in the area for quotes. Evaluators must be licensed by TCEQ. Search for TCEQ licensing and registration information - See Appendix A for link.

- Site evaluation is considered a construction activity and not an engineering cost. The Site Evaluator is also considered a service provider and not a labor contractor.
- Engineering costs for design will not be considered an eligible cost unless the site location and size of the lot requires engineering by TCEQ regulations
 - The Site Evaluator will prepare a soil evaluation report for each OSSF unit
- The Grant Recipient shall prepare and submit to TDA the following for the site evaluation procurement process and reimbursement:
 - Bid tab/schedule or **Form CII504** *OSSF Small Purchase Procurement Record (SPPR)*
 - **Form A503** Financial Interest Report (FIR)
 - Service Contract
 - Invoice(s)

Step 5. Installer/Contractor: Septic System Installation on Private Property:

- The Grant Recipient must follow all state and federal laws and guidelines when procuring construction services for the installation of the septic systems (see Chapter 5 Procurement Procedures). Installers must be licensed by TCEQ. To search TCEQ licensing and registration information - See Appendix A for link.
- Grant Recipient shall send the soil evaluations for each septic system to be installed to the list of qualified/licensed installers for quotes.
- Installer must bid unit prices for the following: 1) plumbing improvements, 2) basic installation and connection, and 3) mitigation.

Step 6. Procurement of Group Contracts:

TDA highly recommends that the Grant Recipient procure the septic installation under one contract for all systems to be installed. Any alternate procurement method will need to be requested and approved by TDA prior to procuring the contracted services.

- Once quotes are received for installation, the Grant Recipient chooses a certified installer from the list of submitted quotes. If the lowest bidder is not chosen from the list, the Grant Recipient must document the reason.
- Davis-Bacon labor standards shall apply to all contracts consisting of 8 or more OSSF units for a single property owner. Davis-Bacon will be exempt if less than 8 OSSF units in one contract.
- Grant Recipient shall prepare the following for procurement of several OSSFs in the same contract:
 - Bid tab/schedule or **Form A504** – Small Purchase Procurement Record (SPPR)
 - Installation contract
 - **Form A503** (FIR)

- Grant Recipient shall prepare the following for reimbursement of each OSSF unit:
 - Invoice(s) showing specific line items for services including mitigation (addresses for each of the systems installed).
 - Documentation of completion with required signatures (**Form CII709** for group contracts or **Form CII709I** for individual homeowner contracts).

For reimbursement purposes, a 10% retainage fee shall be withheld from the contractor's invoice until construction is complete for all OSSF units installed in the group.

Step 7. Change Orders:

- When a change to an OSSF contract is necessary, the Grant Recipient shall submit an *OSSF Construction Contract Change Order (Form CII505-OSSF)* specific to each septic system or each homeowner's address. The Homeowner and TCEQ Designated Representative must sign-off on the OSSF Change Order Request Approval Form prior to submission to TDA for approval.
- Change orders for more than 25% will not be accepted. The Grant Recipient must rebid the project in the event of an increase of 25% or more.

Step 8. Certificate of Construction Completion (COCC):

- Grant Recipient shall prepare a *Certificate of Construction Completion for OSSF Projects Form CII709-OSSF* for group contracts or **Form CII709I-OSSF** for individual homeowner contracts. For individual homeowner contracts, the homeowner and the local TCEQ Designated Representative that certifies the completed installation of the septic system will be required to sign-off on the COCC in addition to the installer/contractor and the Grant Recipient. Grant Recipients do not have to submit Final Wage Compliance Reports for OSSF contracts.
- Installer/contractor and Grant Recipient shall certify that all sewage systems have been decommissioned as inoperable and fully mitigated in accordance with Title 30, Subchapter D, Chapter 285 of the Texas Administrative Code and any applicable local codes by signing and completing **Form CII709 or CII709I**.

FIRST-TIME YARDLINE ASSISTANCE

CI2.0 Introduction

For projects that include the provision of scattered first-time water or sewer yardline installation, the installation of yardlines on private property is considered a housing rehabilitation activity and must meet the housing activity criteria under the TxCDBG Program. TxCDBG funds will only pay for first-time yardline installation on private property of Low-to-Moderate Income (LMI) persons .

In order to administer the project, the Grant Recipient must develop Guidelines for First-Time Yard Line Assistance, which will require TDA approval during the application process prior to a grant award. See **Form CI2.A** for the Guidelines for First-Time Yard Lines Assistance template. All Yard Line Assistance Guidelines must be approved by TDA in writing before being adopted by the locality.

****Submission of the guidelines with the grant application does not constitute approval by TDA. Grant Recipient must have written approval of the guidelines before being adopted by the locality and conducting outreach for applicants.**

CI2.1 Steps in First-Time Yardline Installation Project Delivery

Below are typical steps involved in the delivery of yardline Installation projects using TxCDBG funds. The steps follow in a sequential manner although some may occur simultaneously:

Step 1. Administrative Start-up:

- The Grant Recipient procures professional services in accordance with all local, state and federal laws and guidelines (see Chapter 5 Procurement Procedures) as needed, including engineering, if applicable, and grant administration services.
- The Grant Recipient initiates an environmental review in accordance with Chapter 3 once beneficiaries have been determined. The Grant Recipient should consult with TDA's Environmental Specialist for any guidance required with program environmental review compliance.

Step 2. Yard Line Assistance Application Process:

- Outreach – The Grant Recipient publicizes the availability of yardline installation assistance for the designated project area normally via the local newspaper and with public postings. The County may use other methods of outreach to potential beneficiaries in target areas such as delivery of door-to-door flyers, public service announcements in local media and community meetings.
- Applications are then accepted.
- The Grant Recipient verifies applicant residency and income eligibility for each application.

Step 3. Applicant List:

- The Grant Recipient develops an Applicant List of proposed yardline assisted residences, based on its adopted and TDA-approved Yard Line Installation Guidelines. This list must be maintained at the locality.
- The Grant Recipient screens all applications for eligibility to receive assistance on a first-come first-served basis or according to a scale of qualifying factors (e.g., disabled, elderly, families with minor children, etc.). This should be clearly outlined in the TDA-approved Yard Line Installation Guidelines. See **(Form CII2.A)** Guidelines for First-Time Yard Lines Assistance template.
- The Grant Recipient completes the environmental review as described in Chapter 3 and receives clearance from the TDA Environmental Specialist. The Grant Recipient should consult with TDA's Environmental Specialist for any guidance required with program environmental review compliance.

Step 4. Construction Procurement:

Construction Procurement shall be completed by Grant Recipient in accordance with all local, state and federal laws and guidelines (see Chapter 5 Procurement Procedures).

Davis-Bacon labor standards generally do not apply to Single-family homeowner residences (refer to Chapter 7 Davis-Bacon Labor Standards).

All contract completion and closeout requirements should be done in accordance with the CDBG rules and policies as outlined in the TxCDBG Implementation Manual.

***If first-time yardlines are replacing an OSSF or other sewage disposal method, the installer/contractor and Grant Recipient shall certify that all sewage systems have been decommissioned as inoperable and fully mitigated in accordance with Title 30, Subchapter D, Chapter 285 of the Texas Administrative Code and any applicable local codes.*

Texas Administrative Code §285.36. Abandoned Tanks, Boreholes, Cesspools, and Seepage Pits.

(a) A tank that is not to be used again for holding sewage shall be abandoned.

(b) To properly abandon, the owner shall conduct the following actions, in the order listed.

(1) All tanks, boreholes, cesspools, seepage pits, holding tanks, and pump tanks shall have the wastewater removed by a waste transporter, holding a current registration with the executive director.

(2) All tanks, boreholes, cesspools, seepage pits, holding tanks, and pump tanks shall be filled to ground level with fill material (less than three inches in diameter) which is free of organic and construction debris.