SECTION C, PART II
ON-SITE SEWER FACILITY (OSSF)

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SECTION C, PART II
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C.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 private property for Low-to-Moderate Income (LMI) persons.

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 application process prior to a grant award. See **Form CII2** for sample OSSF Guidelines.

C.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 property. The Grant Recipient should consult with TDA's Environmental Regulatory Officer 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.
- Applications are accepted from homeowners.
- The Grant Recipient verifies property ownership, primary residence, and income-eligibility for each application.

- 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.).
- Once the Applicant List has been finalized, the Grant Recipient completes a site-specific environmental assessment for each property. The Grant Recipient should consult with TDA's Environmental Regulatory Officer 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 certified list and notify at least 3 qualified site evaluators (recommend 5) in the area for quotes. Evaluator must be certified by TCEQ. Search for TCEQ licensing and registration information may be found at the following link: http://www2.tceq.texas.gov/lic_dpa/index.cfm.

- Site evaluation is considered a construction activity and not an engineering cost. The 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
    - 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 certified by TCEQ. TCEQ search for licensing and registration information may be found at the following link: http://www2.tceq.texas.gov/lic_dpa/index.cfm.
- Grant Recipient shall send the soil evaluations for each septic system to be installed to the list of qualified installers for quotes.
- Installer must bid unit prices for the following: 1) plumbing improvements, 2) basic installation and connection, and 3) mitigation.

Step 6. <u>Procurement of Group Contracts</u>:

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** (SPPR)
    - Installation contract
    - **Form A503** (FIR)
    - **Form A706** *Labor Standards Record* (LSR)

- Grant Recipient shall prepare the following for reimbursement of each OSSF unit:
    - Invoice(s) showing specific line items for services (addresses of 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. <u>Change Orders:</u>

- 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. <u>Certificate of Construction Completion (COCC):</u>

- 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**.

C.2 Annual Beneficiary Report

Grant Recipients administering OSSF activities on private property must submit an *Annual Beneficiary Report* **(Form C1)**, in addition to the *Quarterly Progress Report* **(Form A104)** required by Chapter 1. Grant Recipients should report the number of Total number of OSSF units completed under the contract. during the reporting period and the other beneficiary information as indicated on the report form. Instructions and the report form are included in **Form C1**.