



June 18, 2024

VIA ELECTRONIC MAIL

Water Infrastructure Finance Authority
Attn: Lindsay Mills
lmills@azwifa.gov

Re: Lord Arizona Water Systems Project DW 042-2024 – Waiver Request

Dear Lindsay:

The purpose of this letter is to request a waiver regarding the American iron and steel (“AIS”) products requirement related to Lord Arizona Water Systems’ (“Company”) construction of two wells in the Show Low area.

This project is urgent. While the Company understands and supports the intent behind the AIS rules, in this case, the requirement is causing people to go without water due to the lack of production and availability of AIS. As you know, last summer both active Company wells collapsed in the same week, leaving the Company no water source for approximately 1,000 people. It has taken nearly a year to get financing approval from the Arizona Corporation Commission, process the loan application, enter into the loan, and bid the project. Summer is here and the Company cannot meet customer water demands, which means people are going without water and will continue to do so all Summer unless this waiver is granted.

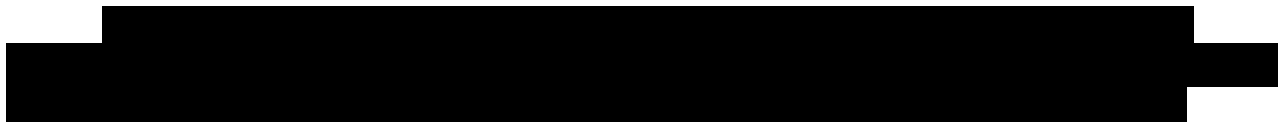
1.0 General Information

Materials. The materials subject to this request are 2” galvanized steel and 6” steel casing for two wells, 1,000 feet in depth. See quantity section below for units of measure.

Location. The project is located approximately 15 miles east of Show Low, AZ.

Quantity. The Company needs: (a) 1,960 feet of 2” galvanized steel pipe; and (b) 2,000 feet of steel casing - 0.25” x 8.625” A53B (400 feet perforated at 0.10 x 16 spf).

Availability. The Company is seeking immediate delivery. Domestic steel products listed above are not available and will not be available for several months, if at all. Other non-domestic products are in stock locally and readily available. But even if AIS is secured and delivered, it will take another four weeks to prepare and then deliver to Show Low.



Justification. Domestic steel products will take at least three months minimum for delivery. The vendors have explained that there are only two domestic manufacturers that produce 2” galvanized steel pipe and they make very little pipe. Realistically, it could take six months or longer before the Company could secure both the galvanized steel and steel casing to install.

Good faith effort. The Company affirms that it made a good faith effort to solicit bids for domestic iron and steel products, as demonstrated by the inclusion of the WIFA Contract Packet for Nongovernmental projects. In the proposal package, the Company required respondents to certify they understand the project is using WIFA funding and they had the opportunity to review the applicable rules, which included the iron and steel product requirements. *See Attachment 2.* Once the availability issue arose, not only did the Company work with the well driller, the Company contacted its management company to locate domestic steel product and both contacted suppliers. Nobody could locate the requisite AIS steel.

2.0 Availability Waiver Request

The Company is requesting a waiver from the domestic steel requirement primarily because the necessary steel materials are not available.

Project schedule. Well drilling was supposed to begin on May 27, 2024. However, the primary contractor could not procure the requisite 2” galvanized steel drop pipe and or the 0.25” x 8.625” A53B steel pipe.

Relevant excerpts. The Request for Proposal description of the project is set forth below. Both wells will require the following:

Description	Quantity
Well permitting, blue stake, site inspection	1
Surface casing - provide, install, and cement 14” x 20’	20 ft.
Drilling: 12.25” borehole	1,000 ft.
Blank steel casing install – 0.250” x 8.625” A53B casing	800 ft.
Mill perforated casing install - 0.250” x 8.625” perforated at 0.10” x 16 spf	200 ft.
Equipment: Airlift pump and swab	1
VFD pump controller	1
2-inch galvanized drop	980 ft.
7.5 hp pump	1

The well drilling permit applications filed with the Arizona Department of Water Resources are set forth in Attachment 3.

Efforts to secure domestic product. The Company selected Western Hydro Engineering, LLC (“Western”) to drill the wells. Western notified the Company it could not secure 2” galvanized steel drop pipe or the .025” steel casing anytime soon. Together, the Company and Western have

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contacted approximately a dozen vendors and none have the requisite AIS materials. *See* Attachment 1.

Additional waiver requests. The Company is not in a position to know whether or not the State of Arizona has received other waiver requests for the galvanized steel pipe and casing.

3.0 Cost Waiver Requests

Based on current market prices, the project also qualifies for a cost waiver. Public Law 113-76, Sec. 436(b) states the requirement to use domestic steel does not apply when the use of such products increases the project cost by 25% or more. Here, project cost is \$340,752.00. *See* Attachment 4. The use of domestic steel would increase the project costs to \$446,776.00. *See* Attachment 5. This is a 31% increase in the project costs and above the 25% threshold for waiver justification.

4.0 Conclusion and Action Requested.

The Company needs these wells drilled immediately. Until these wells are drilled, the Company's customers will have limited to no water. This is not a good situation in the peak demand days of Summer. If you have any questions or want further details, please feel free to give me a call at your convenience.

Respectfully,



Steve Wene

This waiver request was submitted to the EPA by the state of Arizona and applies only to the project in the subject line. All supporting correspondence and/or documentation from contractors, suppliers or manufacturers included as a part of this waiver request was done so by the recipient to provide an appropriate level of detail and context for the submission. There may be documents with project diagrams, schedules, and supplier correspondence in formats that do not meet the Federal accessibility requirements for publication on the Agency's website. Hence, these exhibits have been omitted from this waiver publication. They are available upon request by emailing DWSRFWaiver@epa.gov.

NOTICE AND REQUEST FOR PROPOSALS (“RFP”) LORD ARIZONA WATER COMPANY, INC. (“COMPANY”)

Project Name: Well Drilling Project
Proposal Opening Date: April 29, 2024
Location of Opening: 2015 N. Forbes Blvd., Suite 107, Tucson, AZ 85745
Company Contact: Lacey Merritt – Project Manager

RFP Documents available at: Southwestern Utility Management, Inc.
Attention Lacey Merritt
2015 N. Forbes Blvd., Suite 107
Tucson, AZ 85745
compliance@southwesternutility.com
lmerritt@southwesternutility.com
520.345.3207

RFP Summary: The Company is requesting proposals from qualified firms to drill and equip two 8-inch wells, both 1,000-feet in depth, including all materials and labor necessary complete the wells for the intended use as a public water supply well (“Project”). The labor includes the workforce to permit and install the wells. The Materials include the well casings, pumps, motors, and other customary well equipment. The Company will consider only proposals that will drill and fully equip both wells, so firms responding to this RFP (“Respondents”) should act accordingly.

Submittal of Proposals: Sealed proposals must be delivered to 2015 N Forbes Blvd., Suite 107, Tucson, AZ 85745 by no later than 5:00 PM (AZ time), April 29, 2024. Any proposal received after the time specified will be returned unopened. The sealed envelope must be clearly marked with the Respondent’s name on the envelope.

Proposal Opening: Proposals will be opened privately on April 30, 2024. Proposals will be privately evaluated within 14 business days after opening occurs. The Company reserves the right to postpone the proposal opening.

Completion Date: The Project must be completed by no later than July 3, 2024.

Right to Reject Proposals: Company reserves the right to accept or reject any or all Proposals, waive any informality, or to withhold the award of a Proposal for any reasonable reason as determined by the Company.

Publication: The Publication Addendum sets forth the details regarding the publication of this RFP, including the name of the newspaper, date of publication, and the printed notice.

1.0 GENERAL INFORMATION

This RFP for the Well Drilling Project is being issued pursuant to the Notice and Request for Proposals circulated by the Company, which is incorporated herein by reference. The Company is requesting proposals from qualified firms to drill and equip two 8-inch wells, both 1,000-feet in depth, including all materials and labor necessary complete the wells for the intended use as a public water supply well (“Project”). The labor includes the workforce to permit and install the wells. The Materials include the well casings, pumps, motors, and other customary well equipment. The Company will consider only proposals that will drill and fully equip both wells, so firms responding to this RFP (“Respondents”) should act accordingly.

2.0 PROJECT

2.1 Both wells will require the following:

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Well permitting, blue stake, site inspection	1
Surface casing - provide, install, and cement 14” x 20’	20 ft.
Drilling: 12.25” borehole	1,000 ft.
Blank steel casing install – 0.250” x 8.625” A53B casing	800 ft.
Mill perforated casing install - 0.250” x 8.625” perforated at 0.10” x 16 spf	200 ft.
Equipment: Airlift pump and swab	1
VFD pump controller	1
2-inch galvanized drop	980 ft.
7.5 hp pump	1

2.2 The Company is relying upon Respondents expertise to submit its best proposal to meet the Company’s needs. This description is not intended to exclude other possible solutions nor include every aspect of the Work. Therefore, Respondent can provide alternatives or a more detailed description if Respondent believes it is prudent.

3.0 PROJECT STANDARDS

3.1 Material Requirements. All Materials shall have no defects, be in new condition (not refurbished), properly functioning, and have a warranty that meets or exceeds industry standards.

3.2 Labor Requirements. All Labor shall be performed in a professional, timely, and workmanlike manner. The Respondent who is awarded the Contract¹ for the Labor (“Contractor”) shall:

3.2.1 Be courteous to Company customers.

¹ The term “Contract” means an agreement between the Company and a Respondent for Work (defined below) pursuant to this RFP.