awarded on or after the effective date
of this regulation, the maximum allow-
able project cost will be the sum of:

(1) The allowable cost of the fol-
lowing:

(i) The initial award amount of all
project subagreements between the
grantee and its contractors;

(ii) The initial amounts approved for
force account work to be performed on
the project;

(iii) The purchase price of eligible
real property; and

(iv) The initial amount approved for
project costs not included under para-
grahs (a)(1)(i) through (a)(1)(iii) of
this section, excluding any amounts
approved for an allowance under
§35.2025 and for contingencies; and

(2) Five percent of the sum of the
amounts included under paragraphs
(a)(1)(i) through (a)(1)(iv) of this sec-
tion.

(b) Grants awarded before the effective
date of the regulation. Except as pro-
vided in paragraph (c) of this section,
for Step 2+3 or Step 3 grants awarded
before the effective date of this regula-
tion, the maximum allowable increase
in the cost for work covered by each
subagreement finally advertised or, where
there will be no advertisement, each
subagreement awarded on or after
the effective date of this regulation
will be five percent of the initial award
amount of the subagreement.

(c) Differing site conditions. In deter-
mining whether the maximum allow-
able project cost or increase in sub-
agreement cost will be exceeded, costs
of equitable adjustments for differing
site conditions will be exempt, pro-
vided the requirements of 40 CFR part
35, subpart I, appendix A, paragraph
A.1.g. and all other applicable laws and
regulations have been met.

[50 FR 46649, Nov. 12, 1985]

§ 35.2206 Operation and maintenance.

(a) The grantee must assure economi-
ical and effective operation and mainte-
nance (including replacement) of the
treatment works.

(b) Except as provided in paragraphs
(c)(1) and (2) of this section, the Re-
gional Administrator shall not pay
more than 90 percent of the Federal
share of any project unless the grantee
has furnished and the Regional Admin-
istrator has approved the final plan of
operation required by §35.2106, and
shall not pay more than 90 percent of
the Federal share of any project unless
the grantee has furnished and the Re-
gional Administrator has approved an
operation and maintenance manual.

(c)(1) In projects where segmenting of
a proposed treatment works has oc-
curred, the Regional Administrator
shall not pay more than 90 percent of
the Federal share of the total allowable
costs of the proposed treatment works
until the grantee has furnished and the
Regional Administrator has approved
an operation and maintenance manual.

(2) In projects where a component is
placed in operation before completion
of the entire project, the Regional Ad-
ministrator shall not make any addi-
tional payment on that project until a
final operation and maintenance man-
ual for the operating component is fur-
ished and approved.

(Approved by the Office of Management and
Budget under control number 2040–0027)

§ 35.2208 Adoption of sewer use ordi-
nance and user charge system.

The grantee shall adopt its sewer use
ordinance and implement its user
charge system developed under
§§35.2130 and 35.2140 before the treat-
ment works is placed in operation. Fur-
ther, the grantee shall implement the
user charge system and sewer use ordi-
nance for the useful life of the treat-
ment works.

§ 35.2210 Land acquisition.

The grantee shall not acquire real
property determined allowable for
grant assistance until the Regional Ad-
ministrator has determined that appli-
cable provisions of 40 CFR part 4 have
been met.

§ 35.2211 Field testing for Innovative
and Alternative Technology Report.

The grantee shall submit a report
containing the procedure, cost, results
and conclusions of any field testing.
The report shall be submitted to the
Regional Administrator in accordance
with a schedule to be specified in the
grant agreement.

(Approved by the Office of Management and
Budget under control number 2040–0027)