



U.S. ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Site Inspection Report

American Recovery and Reinvestment Act Site Inspection of the Water Distribution System, Village of Buckeye Lake, Ohio

Report No. 10-R-0079

March 10, 2010



Report Contributors:

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Cover photo: Construction on the water distribution system in the Village of Buckeye Lake, Ohio. (EPA OIG photo)



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency, Office of Inspector General conducts site visits of American Recovery and Reinvestment Act clean water and drinking water projects. We selected the water distribution system project at the Village of Buckeye Lake, Ohio, for review.

Background

The Village received a \$6,615,297 loan from the Ohio Environmental Protection Agency and the Ohio Water Development Authority under the Drinking Water State Revolving Fund program. This loan included \$5,000,000 in Recovery Act funds for principal forgiveness. The Village will construct water lines, a water storage tank, and a booster station. The Village will also install meters.

For further information, contact our Office of Congressional, Public Affairs and Management at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20100310-10-R-0079.pdf

American Recovery and Reinvestment Act Site Inspection of the Water Distribution System, Village of Buckeye Lake, Ohio

What We Found

We conducted an on-site inspection at the Village of Buckeye Lake, Ohio, in July 2009. As part of our inspection, we toured the project, interviewed Village representatives and contractor personnel, and reviewed documentation related to Recovery Act requirements.

Based upon our site inspection, nothing came to our attention that would require action from the Village or the U.S. Environmental Protection Agency.



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

OFFICE OF
INSPECTOR GENERAL

March 10, 2010

MEMORANDUM

SUBJECT: American Recovery and Reinvestment Act
Site Inspection of the Water Distribution System,
Village of Buckeye Lake, Ohio
Report No. 10-R-0079

FROM: Melissa M. Heist
Assistant Inspector General for Audit

Melissa M. Heist

TO: Bharat Mathur
Acting Regional Administrator, Region 5
U.S. Environmental Protection Agency

This is our report on the subject site visit conducted by the Office of Inspector General of the U.S. Environmental Protection Agency. The report summarizes the results of our site inspection of the water distribution system project at the Village of Buckeye Lake, Ohio.

We performed this site inspection as part of our responsibility under the American Recovery and Reinvestment Act. The purpose of our site inspection was to determine the Village's compliance with selected requirements of the Recovery Act pertaining to the Drinking Water State Revolving Fund program. The Ohio Environmental Protection Agency approved the Village's project. The Village received a \$6,615,297 loan, including \$5,000,000 in Recovery Act funds for principal forgiveness.

The estimated cost of this report – calculated by multiplying the project's staff days by the applicable daily full cost billing rates in effect at the time – is \$44,572.

Action Required

Because this report contains no recommendations, you are not required to respond to this report. We have no objections to the further release of this report to the public. This report will be available at <http://www.epa.gov/oig>. If you or your staff have any questions regarding this report, please contact Robert Adachi at (415) 947-4537 or adachi.robert@epa.gov, or Leah Nikaidoh at (513) 487-2365 or nikaidoh.leah@epa.gov.

Purpose

The purpose of our review was to determine whether the Village of Buckeye Lake, Ohio, complied with requirements for subrecipients of American Recovery and Reinvestment Act funds under the Drinking Water State Revolving Fund program.

Scope and Methodology

Due to the time-critical nature of Recovery Act requirements, we did not perform this assignment in accordance with generally accepted government auditing standards. We did not perform certain steps that would allow us to obtain information to assess the Village's internal controls and any previously reported audit concerns. As a result, we do not express an opinion on the adequacy of the Village's internal controls or compliance with all federal, State, or local requirements.

We conducted an on-site inspection at the Village during July 28-29, 2009. During our inspection, we:

1. Toured the project
2. Interviewed Village and contractor personnel
3. Reviewed documentation maintained by the Village or its contractors on the following matters:
 - a. Buy American requirements under Section 1605 of the Recovery Act
 - b. Davis-Bacon Act wage requirements under Section 1606 of the Recovery Act
 - c. Contract procurement

We suspended this assignment while we conducted work on another Recovery Act audit. This suspension delayed our reporting.

Results of Site Inspection

Based upon our site inspection, nothing came to our attention that would require action from the Village or the U.S. Environmental Protection Agency. We have summarized specific inspection results below.

Buy American Requirements

The project is exempt from Buy American requirements. On June 2, 2009, the U.S. Environmental Protection Agency announced a nationwide waiver of Buy American requirements for eligible projects where the solicitation of bids was done between October 1, 2008, and February 17, 2009. The Village advertised for bids for the construction contracts in January and February 2009, prior to signing an assistance agreement with the Ohio Water Development Authority (State). The waiver requires the recipient to show an objective basis under which the recipient solicited bids in anticipation of timely funding. The waiver includes high placement on a priority list as a reasonable basis to solicit funds. The State ranked the construction project 11th out of

158 projects on the 2009 project priority list. The Village had already received funding for project design and for a capacity fee to obtain surplus water from another community. The advertisement for bids took place within the waiver timeframe and was done in anticipation of receiving funding from the State. Therefore, the Village falls under the nationwide Buy American waiver and is exempt from the requirements.

Davis-Bacon Act

We reviewed the Village's compliance with the Davis-Bacon Act, and no issues came to our attention. To comply with Davis-Bacon Act requirements, contractors signed weekly certified payrolls to certify compliance with Davis-Bacon Act rates. The contractors submitted certified payroll reports to the Village's project engineer. The engineer then forwarded the payroll reports to the State. We reviewed certified payrolls and verified compliance with Davis-Bacon Act rates.

Contract Procurement

We reviewed the Village's procurement of its contractors, and no issues came to our attention. The Village hired four construction contractors, one each for the water distribution system, water booster station, water tank, and telemetry. These construction contracts were solicited using the sealed bid method. The water distribution system and water booster station contracts were awarded to the lowest bidder as lump sum contracts. The other two solicitations did not have more than one qualifying competing bid each.

Recommendations

We have no recommendations.

Subrecipient's Response and Office of Inspector General Comment

On March 4, 2010, we held a conference with the Village to obtain its response to the discussion draft report. The Village had no specific comments or corrections to the report. The Village discussed the progress to date on completion of the project. The Village stated that it has been working for 25 years to get a drinking water system in place, and that the Recovery Act funding had an important, positive impact on moving the project forward, which will culminate in improved drinking water quality for the community. We had no further comments.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed To Amount
No recommendations							

¹ O = recommendation is open with agreed-to corrective actions pending
C = recommendation is closed with all agreed-to actions completed
U = recommendation is undecided with resolution efforts in progress

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