



U.S. ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Site Visit Report

American Recovery and Reinvestment Act Site Visit of the Wastewater Treatment Facility Improvements Project, Perkins, Oklahoma

Report No. 11-R-0214

May 2, 2011



Report Contributors:

Safiya Chambers
Bill Spinazzola
Leah Nikaidoh
Michael Rickey
John Trefry

Cover photo: Construction site of the wastewater treatment facility improvements project in Perkins, Oklahoma. (U.S. Environmental Protection Agency Office of Inspector General photo)

Hotline

To report fraud, waste, or abuse, contact us through one of the following methods:

e-mail: OIG_Hotline@epa.gov
phone: 1-888-546-8740
fax: 703-347-8330
online: <http://www.epa.gov/oig/hotline.htm>

write: EPA Inspector General Hotline
1200 Pennsylvania Avenue NW
Mailcode 8431P (Room N-4330)
Washington, DC 20460



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 of 2009 (Recovery Act) clean water and drinking water projects. The purpose of the visits is to confirm compliance with selected Recovery Act requirements. We selected a project located in Perkins, Oklahoma, for review.

Background

The Perkins Public Works Authority received a \$7,225,000 loan from the State of Oklahoma Water Resources Board through the state's Clean Water State Revolving Fund Financing Program. The purpose of the loan was to improve the wastewater treatment facility in order to meet its permitted discharge requirements. The loan included \$2 million in Recovery Act funds for loan forgiveness. The public works authority was required to repay the remaining loan amount of \$5,225,000 over 20 years.

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

The full report is at:
www.epa.gov/oig/reports/2011/20110502-11-R-0214.pdf

American Recovery and Reinvestment Act Site Visit of the Wastewater Treatment Facility Improvements Project, Perkins, Oklahoma

What We Found

We conducted an unannounced visit of the construction site of the Perkins Public Works Authority's wastewater treatment facility improvements project in Perkins, Oklahoma, on April 19–22, 2010. We toured the project site; interviewed public works, engineering, and contractor personnel; and reviewed documentation related to Recovery Act requirements.

Based upon our site visit, we did not identify any issues that would require action by the Perkins Public Works Authority, the State of Oklahoma, or the U.S. Environmental Protection Agency.



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

THE INSPECTOR GENERAL

May 2, 2011

MEMORANDUM

SUBJECT: American Recovery and Reinvestment Act Site Visit of the
Wastewater Treatment Facility Improvements Project, Perkins, Oklahoma
Report No. 11-R-0214

FROM: Arthur A. Elkins, Jr.
Inspector General

A handwritten signature in black ink, appearing to read "Arthur A. Elkins, Jr.", is written over the printed name of the Inspector General.

TO: Al Armendariz
Regional Administrator, Region 6
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 visit of the City of Perkins, Oklahoma, wastewater treatment facility improvements project.

We performed this site visit as part of our responsibility under the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purpose of our site visit was to determine the city's compliance with selected requirements of the Recovery Act pertaining to the Clean Water State Revolving Fund program. The Oklahoma Water Resources Board approved the city's project and awarded a loan of \$7,225,000. The loan included \$2 million in Recovery Act funds for principal forgiveness.

The estimated direct labor and travel costs for this report are \$98,549.

Action Required

Because this report contains no recommendations, you are not required to respond to this report. The report will be made available at <http://epa.gov/oig>. If you or your staff have any questions regarding this report, please contact Melissa Heist, Assistant Inspector General for Audit, at (202) 566-0899 or heist.melissa@epa.gov; or Robert Adachi, Product Line Director, at (415) 947-4537 or adachi.robert@epa.gov.

Purpose

The purpose of our unannounced site visit was to determine whether the Perkins Public Works Authority, Perkins, Oklahoma, had complied with selected requirements of the American Recovery and Reinvestment Act of 2009 (Recovery Act), P.L. 111-5, pertaining to the Clean Water State Revolving Fund program.

Background

The Perkins Public Works Authority, a public trust with the City of Perkins, received a \$7,225,000 loan from the State of Oklahoma Water Resources Board through the state's Clean Water State Revolving Fund Financing Program. The purpose of the loan was to improve the wastewater treatment facility in order to meet its permitted discharge requirements. The loan included Recovery Act funds of \$2 million for loan forgiveness. The public works authority must repay the remaining loan amount of \$5,225,000 over 20 years.

The estimated cost of the project in May 2008 was \$5.2 million; \$4 million of the cost was for construction. In May 2009, the estimated project cost increased to over \$7.2 million, primarily due to the increase in actual construction costs to almost \$5.9 million. As of May 24, 2010, expenditures for the project totaled \$3.7 million.

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 public works authority's internal control and any previously reported audit concerns. As a result, we do not express an opinion on the adequacy of internal control, or compliance with all federal, state, or local requirements.

We conducted our unannounced site visit from April 19–22, 2010. During our visit, we:

1. Toured the project
2. Interviewed public works authority, engineering, and contractor personnel
3. Reviewed documentation maintained by the public works authority, its engineer, and project contractors on the following matters:
 - a. Buy American requirements under Section 1605 of the Recovery Act
 - b. Wage rate requirements under Section 1606 of the Recovery Act
 - c. Limits on funds and reporting requirements under sections 1604 and 1512 of the Recovery Act
 - d. Contract procurement

Results of Site Visit

Based upon our site visit, we did not identify any issues that would require action by the Perkins Public Works Authority, the State of Oklahoma, or the U.S. Environmental Protection Agency. We have summarized our results in the following sections.

Buy American Requirements

We found that the public works authority's construction contractor, Quicksilver Construction Company, Inc., complied with the Buy American provisions of the Recovery Act. Quicksilver completed a Buy American certification and obtained a certification from its subcontractor and suppliers. When ordering equipment and supplies, Quicksilver personnel stated that they specified that the item must be made in America. They also stated that they verified that a product was American made when it was delivered to the construction site. We noted that supplies stored at the site were stamped "made in America."

Wage Rate Requirements

The construction contractor complied with Section 1606 of the Recovery Act. We interviewed all nine employees at the construction site on April 20, 2010. We compared pay rates and labor categories stated by employees during the interview to the contractor's certified payroll to identify significant differences. We also compared the pay rates to those specified by the U.S. Department of Labor for heavy construction workers in Payne County, Oklahoma (the county where Perkins is located). All of the employees were paid at rates higher than those specified by the U.S. Department of Labor.

Representatives from the Oklahoma Water Resources Board also conducted wage rate interviews for five contractor employees at the site on November 18, 2009, and compared the employees' stated pay rates to those specified in the contractor's records. No exceptions were noted.

Limits on Funds and Reporting

We reviewed the public works authority's loan documentation and visited the construction site to ensure the public works authority was in compliance with section 1604 of the Recovery Act, which states that no Recovery Act funds can be used for any casino, other gambling establishment, aquarium, zoo, golf course, or swimming pool. We did not identify any issues of concern.

We concluded that the public works authority was in compliance with its responsibilities under Section 1512 of the Recovery Act which requires reports on the use of funds and the number of jobs created or retained.

The public works authority prepared reimbursement requests for eligible incurred costs. Each reimbursement request in our sample was supported with copies of checks, contractor pay estimates, and contractor and vendor invoices. The construction contractor prepared the pay estimates. The design engineer and the city manager reviewed and approved the pay estimates. In our sample of reimbursement requests, the total amount of each request agreed to the expenditures recorded in the general ledger without exception.

Procurement Practices

We found that the public works authority complied with its stated procurement practices for construction contracts. Bids were advertised publicly. The project was based on the approved plan and specifications, and the plan included Recovery Act requirements for Buy American and wage rate requirements. Six bidders responded to the advertisement, and the lowest bidder—Quicksilver Construction, Inc., Norman, Oklahoma—was selected. Quicksilver's bid amount of \$5,875,349 exceeded the engineer's estimated construction costs of \$3,977,500.

Recommendations

We have no recommendations.

Response and Office of Inspector General Comment

Because we have no recommendations, we did not require or receive comments to the draft report. On April 7, 2011, we held an exit conference with representatives from the U.S. Environmental Protection Agency's Region 6, the Oklahoma Water Resources Board, and the City of Perkins.

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

Distribution

Office of the Administrator
Regional Administrator, Region 6
Director, Grants and Interagency Agreements Management Division,
Office of Administration and Resources Management
Agency Followup Official (the CFO)
Agency Followup Coordinator
General Counsel
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for External Affairs and Environmental Education
Audit Followup Coordinator, Region 6
Public Affairs Officer, Region 6
Executive Director, Oklahoma Water Resources Board
Director, Oklahoma Water Resources Board, Financial Assistance Division
Mayor and Chairman of the Perkins Public Works Authority, City of Perkins, Oklahoma
City Manager, City of Perkins, Oklahoma