



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 Sewer System Improvement Projects, City of Parma, Ohio

Report No. 11-R-0083

February 2, 2011



Report Contributors:

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Cover photo: American Recovery and Reinvestment Act of 2009 construction activity at the Bradenton project site, City of Parma, 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 of 2009 clean water and drinking water projects. We selected the Bradenton, Grantwood, and Manhattan Avenue sewer system improvement projects in the City of Parma, Ohio, for review.

Background

The city received three loans for the Bradenton, Grantwood, and Manhattan Avenue projects totaling \$4,443,102 from the Ohio Environmental Protection Agency and the Ohio Water Development Authority under the Clean Water State Revolving Fund program. The loans included \$2,221,551 in principal forgiveness. The city will use these funds to eliminate contamination by providing sewer service to unsewered properties.

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/2011/20110202-11-R-0083.pdf

American Recovery and Reinvestment Act Site Inspection of Sewer System Improvement Projects, City of Parma, Ohio

What We Found

We conducted an unannounced site inspection of the Bradenton, Grantwood, and Manhattan Avenue sewer system improvement projects in the City of Parma, Ohio, from June 28 through July 1, 2010. We toured the projects, interviewed city representatives and engineering and contractor personnel, and reviewed documentation related to Recovery Act requirements.

Based upon our site inspection, no problems were identified that would require action from the city, the State of Ohio, or the U.S. Environmental Protection Agency.



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

THE INSPECTOR GENERAL

February 2, 2011

MEMORANDUM

SUBJECT: American Recovery and Reinvestment Act Site Inspection of
Sewer System Improvement Projects, City of Parma, Ohio
Report No. 11-R-0083

FROM: Arthur A. Elkins, Jr.
Inspector General

A handwritten signature in black ink, appearing to read "Arthur A. Elkins, Jr.", is positioned to the right of the "FROM:" field.

TO: Susan Hedman
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 City of Parma, Ohio, sewer system improvements projects.

We performed this site inspection as part of our responsibility under the American Recovery and Reinvestment Act of 2009. The purpose of our site inspection was to determine the city's compliance with selected requirements of the Recovery Act pertaining to the Clean Water State Revolving Fund program. The Ohio Environmental Protection Agency, together with the Ohio Water Development Authority, approved the city's three projects. The city received three loans for the Bradenton, Grantwood, and Manhattan Avenue projects totaling \$4,443,102. The loans included \$2,221,551 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 rate in effect at the time – is \$118,106.

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 inspection was to determine whether the City of Parma, Ohio, had complied with selected requirements of the American Recovery and Reinvestment Act of 2009, P.L. 111-5, pertaining to the Clean Water State Revolving Fund program.

Background

The city received three loans for the Bradenton, Grantwood, and Manhattan Avenue projects totaling \$4,443,102 from the Ohio Environmental Protection Agency and Ohio Water Development Authority under the Clean Water State Revolving Fund program. The Recovery Act provided 50 percent of the funding through principal forgiveness. The projects are designed to eliminate contamination by providing sewer service to unsewered properties.

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. Specifically, we did not perform certain steps that would allow us to obtain information to assess the city's internal controls and any previously reported audit concerns. As a result, we do not express an opinion on the adequacy of the city's internal controls or compliance with all federal, state, or local requirements.

We conducted an unannounced site inspection on June 28–July 1, 2010. During our inspection, we:

1. Toured the project
2. Interviewed city, engineering, and contractor personnel
3. Reviewed documentation maintained by the city, 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 Inspection

Based upon our site inspection, nothing came to our attention that would require action by the U.S. Environmental Protection Agency, the State of Ohio, or the city. We have summarized our results in the following sections.

Buy American Requirements

Although we did not find specific compliance problems related to the Buy American requirements at the three projects, the process followed by the city to comply with the Buy American requirements of the Recovery Act needed improvement.

The city included the U.S. Environmental Protection Agency, Office of Water, guidance, *Implementation of Buy American Provisions of P.L. 111-5, The American Recovery and Reinvestment Act of 2009*, dated April 28, 2009, in the specifications and contract documents for each project. The specifications and contract documents were available for bid preparation and incorporated into each construction contract. However, neither the city nor its contractors maintained documentation to support compliance with Buy American requirements. The engineering consultant's contract administrator stated that he researched the manufacturers' websites to verify the plant locations. When we discussed this matter with the respective construction contractors' representatives, they were not aware of any need to obtain documentation to support Buy American compliance.

Subsequent to our visit, the contract administrator obtained manufacturer certifications to verify compliance with Buy American requirements. These certifications supported the Buy American requirements for the materials listed on the Submittal Logs that were used by the contract administrator to approve materials before installation.

Based on our review of the manufacturers' certification and a visual inspection of a small inventory of pipes and fittings, we take no exception to compliance with the Buy American requirements at the three projects.

Wage Rate Requirements

We conclude that construction contractors complied with the wage rate provision of the Recovery Act. We interviewed all employees at the construction sites during our site visit to collect information on compensation, job duties, training, and qualifications. We conducted an analysis to compare the wage rates on the certified payroll to the wage

rates required for compliance. All employees were paid wages above or equal to the prescribed wage rates.

Limits on Funds and Reporting

We reviewed the city's loan documentation and visited the construction sites to ensure the city 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 city 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. We obtained copies of quarterly reports for each project prepared by the contract administrator and submitted to the Ohio Environmental Protection Agency on behalf of the city. Based on our review of the reports, the information met Recovery Act requirements.

Contract Procurement

We did not identify any issues of concern with respect to contract procurement. Parma publicly advertised the engineer's project estimate and requested bids for each project. Buy American and wage rate requirements were included in the specifications and contract documents and incorporated into the contracts by reference. There were several bidders for each project, and the city awarded the contract to the lowest qualified bidder. All contract amounts were less than the engineer's estimate.

Parma used Quality Control Inspection, Inc., to provide year-round construction support services. According to the assistant city engineer, the city requests proposals for year-round engineering support services every 2 to 3 years, when the engineering consultant implements a rate change. The consultant has been working for the city for approximately 15 years.

Recommendations

We have no recommendations.

Response and Office of Inspector General Comment

As we have no recommendations, we did not require or receive comments to the draft report. We held an exit conference on January 21, 2011.

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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