



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency's Office of Inspector General conducts site visits of American Recovery and Reinvestment Act of 2009 (Recovery Act) clean water and drinking water projects. We selected a project for the City of Astoria, Oregon, for review.

Background

The city is constructing an underground storage tank, an odor control facility, and a sanitary sewer pipeline as part of its Denver Street Storage Project. The project is funded by two Clean Water State Revolving Fund loans totaling \$7,475,436 from the Oregon Department of Environmental Quality (ODEQ). One of the loans provided \$4,000,000 in Recovery Act funds, of which 50 percent of the loan principal will be forgiven if the city complies with the loan agreement.

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/2011/20110322-11-R-0172.pdf

American Recovery and Reinvestment Act Site Visit of the Denver Street Storage Project, City of Astoria, Oregon

What We Found

We conducted an unannounced site visit of the Denver Street Storage Project in the City of Astoria, Oregon, during June 2010. As part of our site visit, we toured the project, interviewed city representatives and contractor personnel, and reviewed documentation related to Recovery Act requirements.

We did not identify any compliance issues with Buy American, Davis-Bacon Act, or funding requirements. However, we found that:

- The city and ODEQ understated the number of jobs created or retained with Recovery Act funds. Although the construction work performed for the 6-month period ending June 30, 2010, was 100 percent funded by the Recovery Act, the city and ODEQ reported only 62 percent of the full-time equivalent jobs created or retained in the quarterly reports.
- For one of four contracts awarded, a change order did not meet applicable procurement requirements. During removal of a tank, additional contamination was discovered that resulted in the original award of \$9,960 being increased to \$67,306, a difference of \$57,346. The increase required the city to award a new competitive contract, but it did not do so.

What We Recommend

We recommend that Region 10's Regional Administrator require ODEQ to require the city to correct the reported number of jobs created or retained, obtain the corrections for the reported number of jobs created or retained from the city and maintain the corrected documentation in administrative records, and submit corrections to the federal government. We also recommend that Region 10's Regional Administrator require ODEQ to disallow \$57,346 in costs incurred under the change order unless the city is able to show that the costs meet applicable Oregon requirements.

Region 10 and ODEQ agreed with recommendations 1, 2, and 4, but initially had concerns with recommendation 3. The city agreed with all four recommendations. After discussing the recommendations during the exit conference, the region agreed with recommendation 3 and ODEQ concurred with the corrective action.