



At a Glance

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 projects. The purpose of this review was to determine whether amounts claimed by the Botanic Garden of Western Pennsylvania are eligible and allowable in accordance with the Recovery Act and the terms of the funding agreement.

Background

The Botanic Garden received \$1,368,894 with 100 percent federal loan forgiveness from the Pennsylvania Infrastructure Investment Authority (Pennvest) under the Clean Water State Revolving Fund program. The purpose of the project, funded with Recovery Act funds under the Green Project Reserve, was to install three permanent irrigation ponds to supply the Botanic Garden's future irrigation needs.

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

The full report is at:
www.epa.gov/oig/reports/2012/20120308-12-R-0321.pdf

American Recovery and Reinvestment Act Site Visit of the Botanic Garden of Western Pennsylvania

What We Found

The Botanic Garden used Recovery Act funds to construct ponds that are not being used for their stated purpose. The Botanic Garden's funding agreement with Pennvest states that the Botanic Garden will build irrigation ponds to collect, store, and recycle water for future irrigation needs. However, the ponds are being used as sediment ponds to capture runoff from a mining reclamation operation. Therefore, amounts claimed by the Botanic Garden for building the ponds are not eligible or allowable project costs under the Recovery Act and the terms and conditions of the funding agreement between the Botanic Garden and Pennvest.

Additionally, the Botanic Garden is operating, through a contractor, a for-profit surface mining reclamation operation that will generate revenue for the Botanic Garden. The Recovery Act funds were used to construct required mine sediment ponds that allow the mine to operate. The Botanic Garden's funding agreement with Pennvest contains an addendum that states that the recipient must comply with all relevant federal regulations. The Code of Federal Regulations (CFR), at 2 CFR 215.24(b)(3), requires all federal assistance agreement award recipients to deduct program income from the total cost of a project or program funded with federal monies. The revenue generated by the mining activity would be program income that must be used to offset the Recovery Act-funded project costs. By not offsetting the project costs with the program income, Recovery Act funds are reducing mining operation costs and thereby increasing the Botanic Garden's potential mining revenue.

What We Recommend

We recommend that the Regional Administrator, Region 3, recover from Pennvest all Recovery Act funds, totaling \$1,368,894, awarded to the Botanic Garden of Western Pennsylvania. We also recommend preventing the continued use of Clean Water State Revolving Fund funding for this project. If the full Recovery Act funds are not recovered, we recommend that the Regional Administrator reduce the project costs to be funded by the Recovery Act by the amount of program income earned by the Botanic Garden from mining operations and recover the amount earned in program income. Region 3, the Botanic Garden, and the commonwealth of Pennsylvania did not agree with the findings and recommendations in the report.