



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

NOV 28 2016

OFFICE OF WATER

MEMORANDUM

SUBJECT: Final Response to Office of Inspector General Final Report No. OPE-FY15-0009
"EPA Needs to Assess Environmental and Economic Benefits of Completed
Clean Water State Revolving Fund Green Projects," dated May 2, 2016

FROM: Joel Beauvais *Michael Shapiro for*
Deputy Assistant Administrator

TO: Arthur A. Elkins, Jr.
Inspector General

The purpose of this memorandum is to provide corrective actions and completion dates to respond to the recommendations in the Office of Inspector General's (OIG) final report, "EPA Needs to Assess Environmental and Economic Benefits of Completed Clean Water State Revolving Fund Green Projects."

The OIG provided three recommendations in the final report. At the time the final OIG report was issued, all recommendations were unresolved. In the response to the report, the Office of Water (OW) agreed with Recommendation 1, but did not include estimated completion dates for corrective actions. We disagreed with Recommendations 2 and 3.

The OW shares the OIG's opinion on the importance of collecting information on the environmental and economic benefits of CWSRF-funded Green Project Reserve (GPR) projects. Assessing the results of GPR projects will help state programs to ensure CWSRF dollars are put to the best use for maximum effect. To that end, we have developed the CWSRF Benefits Reporting (CBR) system to collect information on projected environmental benefits of all CWSRF-funded projects. The OW has also previously undertaken efforts to collect benefits information and model environmental benefits; additional steps can be taken to broaden our understanding of the environmental benefits of these projects, but challenges exist. The type and quality of available benefits data varies significantly between projects due to borrowers' capacity to collect this information and limited availability of baseline data. Additionally, many projects include more than one GPR category and multiple subcategories, which makes it difficult to determine which project costs and cost savings are associated with each project subcategory. We believe the following corrective actions are a step toward collecting more comprehensive environmental benefits information and respond to the OIG's three recommendations in the final report:

No.	Recommendation	Corrective Action(s)	Estimated Completion
1	<p>Require that findings from the EPA's 2012 <i>Compilation of Technical Project Information and Project Performance Information</i> report, and the agency's 2012 <i>Estimated Environmental Benefits Associated With ARRA-Funded Green Project Reserve Projects</i> report, be provided to the public, with any necessary data quality limitations disclosed. Ensure that both reports include any follow-up data that has been collected on actual project results from the originally sampled entities.</p>	<p>The OW will provide the Agency's 2012 <i>Compilation of Technical Project Information and Project Performance Information</i> report, and the 2012 <i>Estimated Environmental Benefits Associated With ARRA-Funded Green Project Reserve Projects</i> report to the public. The EPA drafted a summary report for the <i>Estimated Environmental Benefits Associated With ARRA-Funded Green Project Reserve Projects</i> which explains data quality limitations, and will also be provided to the public. No additional follow-up information on these reports exists. Therefore, no additional information will be provided.</p>	<p>2nd quarter FY17</p>
2	<p>Implement a process (through a grant requirement or otherwise) for routine collection of GPR benefits of completed projects as part of the EPA's regular oversight of state programs.</p>	<p>The OW will work with EPA Regional offices to develop and implement a plan to identify the environmental benefits of green infrastructure projects. The plan will identify metrics and design a protocol for collecting information on a subset of CWSRF-funded green infrastructure projects. Lessons learned from this study will be used to guide OW's future efforts in benefits assessment.</p>	<p>Plan will be developed: 4th quarter FY17</p> <p>Begin implementation: 2nd quarter FY18</p>

3	Report collected environmental and economic benefits information to the public, in collaboration with states and GPR loan recipients and determine how GPR funds could be efficiently used in accordance with GPRA standards for measuring program performance.	The OW will report on the results of the aforementioned environmental benefits study through detailed case studies describing the actual environmental and economic results of the selected projects. These case studies will be featured on the CWSRF website and social media.	A set of case studies will be developed and distributed 4 th quarter FY18.
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We are confident that the activities outlined above will satisfy the recommendations put forth in the OIG report. We appreciate the constructive conversation and the willingness of your office to work with us to resolve this matter.

If you have any questions regarding this response, please contact George Ames, Chief of the State Revolving Fund Branch at (202) 564-0608 or ames.george@epa.gov or Kelly Tucker at (202) 564-0608 or tucker.kelly@epa.gov.

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