



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 Pump Station Rehabilitation and Improvements, Town of Ball, Louisiana

Report No. 11-R-0014

November 9, 2010



Report Contributors:

Richard Howard
Richard Valliere
Michael Rickey

Cover photo: American Recovery and Reinvestment Act of 2009 project sign at the Paradise Road construction site, Town of Ball, Louisiana. (EPA OIG photo)



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 in the Town of Ball, Louisiana, for review.

Background

The town received \$1 million in Recovery Act funds from the Louisiana Department of Environmental Quality under the Clean Water State Revolving Fund program. The town will use these funds for sewer pump station rehabilitation and improvements.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2011/20101109-11-R-0014.pdf.

American Recovery and Reinvestment Act Site Inspection of Sewer Pump Station Rehabilitation and Improvements, Town of Ball, Louisiana

What We Found

We conducted an unannounced site inspection of the sewer pump station rehabilitation and improvements project in the Town of Ball, Louisiana, in May 2010. We toured the project, interviewed town representatives and engineering and contractor personnel, and reviewed documentation related to Recovery Act requirements. At the time of our inspection, the construction contractor had suspended work while waiting for American made materials and parts.

Based upon our site inspection, nothing came to our attention that would require action from the town, the State of Louisiana, or the U.S. Environmental Protection Agency.



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

THE INSPECTOR GENERAL

November 9, 2010

MEMORANDUM

SUBJECT: American Recovery and Reinvestment Act
Site Inspection of Sewer Pump Station
Rehabilitation and Improvements,
Town of Ball, Louisiana
Report No. 11-R-0014

FROM: Arthur A. Elkins, Jr.
Inspector General

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

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 inspection of the town of Ball, Louisiana, sewer pump station rehabilitation and improvements project.

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 town's compliance with selected requirements of the Recovery Act pertaining to the Clean Water State Revolving Fund program. The Louisiana Department of Environmental Quality approved the town's project. The town received a \$1 million loan in Recovery Act funds.

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 \$108,895.

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 Robert Adachi at (415) 947-4537 or adachi.robert@epa.gov, or Michael Rickey at (239) 240-9161 or rickey.michael@epa.gov.

Purpose

The purpose of our unannounced site inspection was to determine the Town of Ball, Louisiana's, compliance 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 town received a \$1 million loan from the Louisiana Department of Environmental Quality under the Clean Water State Revolving Fund program for sewer pump rehabilitation and improvements. The state used Recovery Act funds to offset 100 percent of the town's indebtedness through loan forgiveness.

Scope and Methodology

Due to the time-critical nature of Recovery Act requirements, we did not perform this site inspection 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 town's internal controls and any previously reported audit concerns. As a result, we do not express an opinion on the adequacy of the town's internal controls or compliance with all federal, state, or local requirements.

We conducted an unannounced site inspection at the town during May 3-5, 2010. During our inspection, we:

1. Toured the project
2. Interviewed town, engineering, and contractor personnel
3. Reviewed documentation maintained by the town, its engineer, and its contractor on the following matters:
 - a. Buy American requirements under Section 1605 of the Recovery Act
 - b. Davis-Bacon Act wage requirements under Section 1606 of the Recovery Act
 - c. Contract procurement
 - d. Use of funds and reporting requirements under Sections 1604 and 1512 of the Recovery Act

Results of Site Inspection

Based upon our site inspection, nothing came to our attention that would require action from the U.S. Environmental Protection Agency, the State of Louisiana, or the town. We have summarized our results below.

Buy American Requirements

We did not identify any issues of concern. The procedures in place, if followed, should assure the use of American made products, as required by Section 1605 of the Recovery Act.

The town assigned all project management responsibilities to its engineering firm. The procedure to assure Buy American compliance required the construction contractor to provide “Submittal Identification Sheets” to the engineering firm for review and approval. The contractor certified on the “Submittal Identification Sheet” that the listed items intended for use on the project met the Buy American requirements and included the manufacturer’s certification that the materials were made in the United States. The engineering firm used a “Submittal Control Log” to notify the contractor of its determination. Items that were not adequately supported as meeting Buy American requirements were not accepted for use on the project until adequate documentation was provided.

At the time of our visit, the contractor had installed some force main pipe. We were not able to inspect the installed pipe because the contractor filled in the trench with dirt. However, we reviewed the contractor’s and manufacturer’s certifications and concluded that the pipe met Buy American requirements.

The contractor stopped work on March 15, 2010, to wait for a pump station assembly — a major piece of equipment being manufactured off site. On June 24, 2010, the town approved Change Order No. 2 to add 60 days to the construction period because of a delay attributed to the manufacturer’s requirement to meet Buy American provisions of the contract. The pump station is expected to be delivered in mid September 2010. According to the engineer, once the pump station is delivered, it will take approximately 60 days of good weather to complete construction.

Davis-Bacon Act

We did not note any issues regarding Davis-Bacon Act wage requirements. The town’s engineering firm handled all project management responsibilities. To comply with Davis-Bacon requirements, the contractor signed weekly payrolls certifying compliance with Davis-Bacon Act wage rates and submitted them to the engineer for review and approval. We reviewed the certified payrolls and verified that the contractor was paying its employees wages that were higher than Davis-Bacon rates.

The construction contractor did not have Form I-9 Employment Eligibility Verification Forms completed and on file for its employees, as required by federal law. The contractor was unaware of the form or the requirement to prepare them for each employee hired after November 6, 1986. The contractor’s vice president stated that the company was formed in 1988, and he would need to complete an I-9 Form for every employee. Subsequently, we confirmed that the contractor completed the I-9 Forms for its employees. No further action is necessary.

Contract Procurement

We did not identify any issues of concern. The town used the sealed bid method to select the lowest of three bidders. Because the lowest bid exceeded the engineer's estimate and available Recovery Act funds, the award of the contract was contingent upon successfully negotiating a change order for a lower amount. The engineer reduced the scope of the project by removing tasks and the associated bid amounts. After state approval, the town awarded the contract and the deduct change order simultaneously. We reviewed the bids for all three contractors and concluded that the original low bidder was still the lowest bidder for the reduced project. Also, we contacted the two unsuccessful bidders and did not find any issues.

The town hired its engineering firm without seeking competition. The town had used the engineering firm for other projects. The state, which was responsible for the Clean Water State Revolving Fund and the associated Recovery Act projects, reviewed and approved the engineering firm's contract. Accordingly, we took no exception with the procurement of the engineering contract.

Use of Funds and Reporting

We did not identify any issues of concern. We reviewed the town's loan documentation and visited the site to ensure that the town complied with Section 1604 of the 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 obtained copies of quarterly reports prepared by the town's engineering firm and submitted to the state. Based on our review of the reports, the information met Recovery Act requirements. Therefore, we concluded that the town was in compliance with Section 1512(c) of the Recovery Act.

Recommendations

We have no recommendations.

Town's Response and Office of Inspector General Comment

Since there were no recommendations, we did not require or receive comments to the draft report. We held an exit conference on October 28, 2010.

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
Mayor, Ball, Louisiana
Secretary, Louisiana Department of Environmental Quality