



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 the Ultraviolet Treatment and Chlorine Disinfection Facility Project, City of Bremerton, Washington

Report No. 10-R-0132

May 26, 2010



Report Contributors:

Eileen Collins
Michael Owen

Abbreviations

A/E	Architectural and engineering services
ARRA	American Recovery and Reinvestment Act of 2009
DWSRF	Drinking Water State Revolving Fund
EPA	U.S. Environmental Protection Agency
OIG	Office of Inspector General

Cover Illustration: The logo for the American Recovery and Reinvestment Act of 2009



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) conducts site visits of American Recovery and Reinvestment Act of 2009 clean water and drinking water projects. We selected a City of Bremerton, Washington, project for review.

Background

The City received a \$6.06 million loan from the State of Washington under the Drinking Water State Revolving Fund program. The loan terms include a \$60,000 loan fee and 100 percent forgiveness on the \$6 million principal funded by the Recovery Act. The purpose of the project is to design and construct an Ultraviolet Treatment and Chlorine Disinfection Facility.

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/2010/20100526-10-R-0132.pdf

American Recovery and Reinvestment Act Site Inspection of the Ultraviolet Treatment and Chlorine Disinfection Facility Project, City of Bremerton, Washington

What We Found

We conducted a site inspection at the City of Bremerton, Washington, in June 2009. As part of our inspection, we toured the future site of the Ultraviolet Treatment and Chlorine Disinfection Facility, conducted interviews of City representatives, and reviewed documentation related to Recovery Act requirements.

Based upon our site inspection, nothing came to our attention that would require action from the City.



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

OFFICE OF
INSPECTOR GENERAL

May 26, 2010

MEMORANDUM

SUBJECT: American Recovery and Reinvestment Act Site Inspection of the
Ultraviolet Treatment and Chlorine Disinfection Facility Project,
City of Bremerton, Washington
Report No. 10-R-0132

A handwritten signature in cursive script that reads "John T. Walsh".

FROM: For Melissa M. Heist
Assistant Inspector General for Audit

TO: Dennis McLerran
Regional Administrator, EPA Region 10

This is our report on the subject site visit conducted by the Office of Inspector General of the U.S. Environmental Protection Agency. 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 Drinking Water State Revolving Fund program. The City received a \$6.06 million Drinking Water State Revolving Fund loan. The loan terms include a \$60,000 loan fee and 100 percent forgiveness on the \$6 million principal funded by the Recovery Act.

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 \$51,176.

Action Required

Because this report contains no recommendations, you are not required to respond to this report. We have no objection to the further release of this report to the public. This 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 Owen at (206) 553-2542 or owen.michael@epa.gov.

Purpose

The purpose of our review was to determine the compliance of the City of Bremerton, Washington, with requirements for subrecipients of American Recovery and Reinvestment Act of 2009 (ARRA) funds under the Drinking Water State Revolving Fund (DWSRF) program.

Background

The City entered into a loan agreement with the Washington State Department of Community, Trade and Economic Development to design and construct an Ultraviolet Treatment and Chlorine Disinfection Facility. The City received a DWSRF loan for \$6.06 million. The loan terms include a \$60,000 loan fee and 100 percent forgiveness on the \$6 million principal funded by the Recovery Act. The loan fee has a 5-year repayment period at 0 percent interest.

Scope and Methodology

Due to the time-critical nature of ARRA requirements, we did not perform this assignment in accordance with generally accepted government auditing standards. 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 of Washington (State), or local requirements.

We conducted an onsite inspection at the City of Bremerton on June 1 and 8, 2009. During our inspection we:

- Conducted interviews of the subrecipient's project and financial managers;
- Reviewed the subrecipient's procurement policies and procedures;
- Reviewed records maintained by the subrecipient, including procurement documentation; and
- Toured the project site.

At the time of the onsite inspection, the City's ARRA-funded DWSRF loan with the State of Washington had not been executed. However, the State had informed the City that it would receive the loan and that the funding would cover allowable project costs incurred after March 1, 2009. The loan contract was executed on August 10, 2009.

Subsequent to the onsite inspection, we reviewed the loan agreement to determine the specific loan terms and applicable procurement standards. We interviewed State managers and staff to clarify the loan terms and applicable procurement requirements. We also reviewed State procurement regulations and related manuals.

Results of Site Inspection

Based upon our site inspection, nothing came to our attention that would require action from the City. We reviewed the City's procurement of architectural and engineering services (A/E). The City awarded a contract to an A/E firm to provide engineering design and bid support services for the Ultraviolet Treatment Facility and Chlorine Disinfection Facility project. This contract commenced on May 8, 2009. The A/E firm was selected based on qualifications and price negotiation. The City's award of the A/E services contract complied with the applicable State regulation, Revised Code of Washington 39.80.

Recommendations

We have no recommendations.

Subrecipient's Response and Office of Inspector General Comment

On May 6, 2010, we held a meeting with the City of Bremerton and EPA Region 10 to obtain their response to the discussion draft report. Neither party had any concerns with the report. Although invited, the State did not attend the meeting. The State informed us on May 14, 2010, that it did not have any comments on the discussion draft. We have no further comments.

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

Appendix A

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