



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 and drinking water projects. The purpose of this visit was to address a hotline complaint involving compliance with the Recovery Act's Buy American requirements by the City of Goshen, Indiana. We also reviewed contract procurement.

The City of Goshen received a \$36.1 million loan from the Indiana Finance Authority. The loan included \$5 million in Recovery Act funds. The city used these funds to construct a new combined sewer overflow detention facility.

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/2013/20130107-13-R-0092.pdf

American Recovery and Reinvestment Act Site Visit of Combined Sewer Overflow Detention Facility, City of Goshen, Indiana

What We Found

We conducted a site visit of the Recovery Act project to build a new combined sewer overflow detention facility in the City of Goshen, Indiana, in December 2011. As part of our site visit, we toured the project, interviewed city officials and engineering personnel, and reviewed documentation maintained by the city related to both the Buy American requirements of the Recovery Act and contract procurement.

The equipment identified in the hotline complaint was produced in the United States and complied with the Buy American requirements, as set out in Section 1605 of the Recovery Act. However, the city could not demonstrate that a positive displacement blower used in the project was manufactured in the United States, as required by the Recovery Act. Since Goshen cannot demonstrate that all equipment items used on the project complied with the Buy American requirements, the project is not eligible for the \$5 million of Recovery Act funds authorized by the state unless the U.S. Environmental Protection Agency exercises a regulatory option.

Recommendation

We recommend that the Regional Administrator, Region 5, employ the procedures set out in the Code of Federal Regulations (CFR) at 2 CFR § 176.130 to ensure compliance with Buy American requirements. If the region decides to retain the foreign manufactured goods in the project under 2 CFR §176.130 (c)(3), the region should either "reduce the amount of the award by the cost of the [foreign] steel, iron, or manufactured goods that are used in the project" or "take enforcement or termination action in accordance with the agency's grants management regulations."

The city did not agree with our conclusion or recommendation.