

US EPA ARCHIVE DOCUMENT

# AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

## ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PLAN: A STRONG ECONOMY AND A CLEAN ENVIRONMENT JUNE 1, 2010

### I. OVERVIEW

#### 1. Introduction

The purpose of the American Recovery and Reinvestment Act (Recovery Act) of 2009 is to create and save jobs, jumpstart the U.S. economy, and perhaps most importantly, build the foundation for long-term economic growth. The Recovery Act targets projects that will modernize the nation's critical infrastructure, encourage America's energy independence, expand educational opportunities, increase access to health care, provide tax relief, and protect those in greatest need.

The Recovery Act provides \$7.22 billion for specific programs administered by the Environmental Protection Agency (EPA). Program-Specific Recovery Act Plans accompany this document and represent the heart of EPA's contribution to the nation's economic stimulus. The six Program Plans are:

1. **Clean Water State Revolving Fund Recovery Act Plan:** Investing in construction of water quality protection and wastewater treatment infrastructure.
2. **Drinking Water State Revolving Fund Recovery Act Plan:** Ensuring clean drinking water.
3. **Brownfields Recovery Act Plan:** Cleaning up former industrial sites for new commercial or community use, and training and placing persons in environmental careers.
4. **Underground Storage Tank Recovery Act Plan:** Cleaning up petroleum leaks from underground storage tanks.
5. **Superfund Recovery Act Plan:** Cleaning up uncontrolled hazardous waste sites.
6. **Clean Diesel Recovery Act Plan:** Supporting the use, development, and commercialization of strategies to reduce diesel emissions.

Funding these programs will protect and increase "green" jobs, sustain communities, restore and preserve the economic viability of property, promote scientific advances and technological innovation, and ensure a safer, healthier environment. These programs were chosen carefully both for their ability to put people to work now and for their environmental value. Grants, interagency agreements, and contracts have been awarded quickly. Progress and results are monitored in detail to ensure that American workers and taxpayers are reaping the economic and social benefits of these investments.

#### 2. What will EPA Recovery Act Dollars Buy?

The programs targeted by EPA's portion of Recovery Act dollars address location-specific, community-based public health and environmental needs. Investing in these areas will assure

that job creation, economic growth, and environmental benefits accrue at the local level as well as nationwide.

**Cleaner Water and Drinking Water Infrastructure (\$6 billion)** – Many communities across the country are faced with critical water quality issues but lack the funding needed to fix the problems. In many locations, the aging network of pipes that convey drinking water and wastewater are leaking, and need repair or replacement. EPA has awarded \$4 billion to construct wastewater infrastructure and restore and protect surface and groundwater quality. Additionally, \$2 billion has been awarded to help states and local communities address drinking water needs such as water treatment and distribution systems. States have the flexibility to target resources to their particular environmental needs by basing project priorities on public health and environmental factors, in addition to readiness to proceed to construction. Of the \$6 billion, \$1.2 billion of the funding is being targeted toward green infrastructure, water and energy efficiency, and environmentally innovative projects.

**Revitalized Neighborhoods from Brownfields (\$100 million)** – Brownfields are former industrial and commercial sites left abandoned and often contaminated by hazardous waste. Many are potentially valuable properties lying near the heart of commercial districts or beside scenic urban waterways. The goal of EPA's Brownfields Program is to revitalize and restore neighborhoods through environmental cleanup. The program has a proven history of attracting private investment, producing trained environmental technicians, creating jobs, and spurring local economic development. Through the Recovery Act, EPA is issuing competitive grants to evaluate and clean up brownfields, which will in turn encourage redevelopment.

**Cleaner Underground Storage Tank Sites (\$200 million)** – EPA is responsible for cleaning up sites contaminated by leaking underground storage tank systems. Nearly all underground storage tank sites regulated by EPA contain petroleum. Most of these sites are found at service stations and convenience stores that sell gasoline to the public, while others are found at businesses and local governments that maintain their own fleets of vehicles. The greatest potential hazard from a leaking underground storage tank is that the petroleum or other hazardous substance can seep into the soil and contaminate groundwater, which is the source of drinking water for nearly half of Americans. Recovery Act funds are being used to oversee the assessment and cleanup of leaks from underground storage tanks or to directly pay for assessment and cleanup of leaks from federally regulated tanks where the responsible party is unknown, unwilling or unable to clean up the site, or the clean up is an emergency response. As a result of this investment, EPA is creating jobs and improving neighborhoods by awarding grants to states and territories, and providing contractors to tribes.

**Superfund Hazardous Waste Cleanup (\$600 million)** – EPA's Superfund Program funds the cleanup of uncontrolled hazardous waste sites. Work includes assessment of site contamination and likely risks to human health and the environment, establishment of cleanup plans to protect surrounding communities and the environment from toxic waste, and implementation of cleanup plans, including safe removal of immediate threats and site remediation for long-term protection. The \$600 million in Recovery Act funding is facilitating further cleanup at Superfund National Priority List sites, maximizing job creation and retention, and providing environmental and economic benefits. Superfund sites are often located in the areas hardest hit by unemployment and downturns in the economy.

Environmental justice issues are being considered at sites that suffer disproportionate environmental impact to ensure that activities conducted with Recovery Act funds are implemented in a manner that protects environmentally and economically distressed communities. To speed cleanup conducted through the Recovery Act, EPA is using the funds for sites on the Superfund National Priority List and using in-place, competitively awarded contracts, interagency agreements, and cooperative agreements for emergency response and cleanup activity.

**Reduced Diesel Emissions (\$300 million)** – Pollution from diesel-powered vehicles and non-road diesel engines contribute to serious public health problems in the United States. These problems include asthma, lung cancer, and various other cardiac and respiratory diseases. They result in thousands of premature deaths, millions of lost work days, and numerous other negative health and economic outcomes every year. More than 11 million diesel engines in operation today do not meet EPA’s new clean diesel standards, yet these engines can continue to operate for 20 to 30 years. Public health benefits are immediate when emissions control strategies are applied to older diesel engines. EPA has awarded \$300 million in grants for use of technologies that achieve significant reductions in diesel emissions, and that demonstrate the ability to maximize both job preservation and creation and public health benefits. Through development of these technologies, EPA will help maintain and create jobs in the manufacturing and service sectors across the country. The clean air impact of reducing diesel emissions will result in significant human health benefits as well as increased worker productivity with fewer work days lost.

### **How Will EPA Ensure Recovery Act Funds Are Spent Effectively?**

Of the \$7.22 billion provided for EPA programs, approximately \$7.1 billion are being used for grants, interagency agreements, and contracts. \$81.5 million is providing management and oversight to ensure Recovery Act dollars are spent efficiently, as authorized, and in accordance with the objectives of the Act. In addition, the Recovery Act provides EPA’s Office of Inspector General (OIG) with \$20 million for oversight and review to prevent waste, fraud, and abuse.

The Recovery Act requires stringent accountability for performance and results, as well as unprecedented transparency. EPA designated Craig Hooks, Assistant Administrator of the Office of Administration and Resources Management, as Senior Accountable Official. The Senior Accountable Official has the responsibility and authority to lead and coordinate all Agency activities related to the Recovery Act. EPA’s Stimulus Steering Committee, comprised of senior level career executives from across the Agency, is monitoring Recovery Act planning and implementation on a weekly basis. EPA is working closely with states and tribal partners to get funds into the hands of recipients quickly and ensure it is spent wisely.

To ensure Recovery Act funds are managed and spent effectively, EPA has adopted and is implementing the following accountability objectives, as provided in the Implementing Guidance for the Recovery Act issued by the Office of Management and Budget on April 3, 2009:

- Funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner;

- Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated;
- Projects funded under the Recovery Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

**EPA Will Award Grants and Contracts in a Prompt, Fair, and Reasonable Manner** –

The broadest intent of the American Recovery and Reinvestment Act is to invest in America's long-term economic future, but to do so in a manner that achieves visible and meaningful short-term results. To meet that goal, EPA offices have adapted internal financial systems and management processes to expedite the flow of Recovery Act money to qualified grant recipients and contractors. For example, grants guidance provided model funding recommendations to reduce the time required for EPA project officers to prepare justifications for grants awarded under the Recovery Act. The Agency moved designated funds quickly, and, most notably, succeeding in moving designated clean water and drinking water funds to states within statutory deadlines. EPA contracts guidance established the preference for using existing competitive contracts for recovery-related cleanup work. All funding decisions have been guided by transparent, merit-based selection criteria. EPA program offices are giving funding preference to recipients with a demonstrated or clear potential ability to produce desired programmatic results, and for projects that can be started and completed expeditiously, will stimulate economic growth, and will achieve long-term public benefits.

**EPA Will Ensure Recipients and Uses of Recovery Act Funds Are Transparent to the**

**Public** – EPA is continuing to ensure that the recipients and uses of all funds are transparent to the public, and that the public benefits of these funds are reported clearly, accurately, and in a timely manner.

- EPA issued internal guidance outlining restrictions and reporting requirements regarding communication with registered lobbyists on particular Recovery Act projects, applications, or applicants, as required by the President's memorandum of March 20, 2009, *Ensuring Responsible Spending of Recovery Act Funds*, which
- The Agency is committed to transparency in all announcements, information, reported activities, and data posted on EPA's Recovery Act Web site, <http://www.epa.gov/recovery/> and through the government-wide Recovery Act Web site, <http://www.recovery.gov/>.
- EPA's Recovery Act Web site provides information about recipients and projects that have been awarded funding made available through the Recovery Act. This includes state-by-state distributions for clean water and drinking water provided through state revolving funds and distributions to states and territories to clean up leaks from underground storage tanks. Also on the Web site are lists of Superfund sites receiving Recovery Act funds, recipients and projects that support clean diesel projects and programs, and grantees receiving EPA supplemental funding under the Recovery Act to carry out cleanup and redevelopment at Brownfields sites. The Agency posted synopses for competitive announcements on [grants.gov](http://grants.gov) and

summaries of contracts and orders, including required goods and services, on Recovery.gov. It also posted award announcements for both grants and contracts on the Web.

- The Agency defined and implemented reporting requirements for tracking internal progress and expenditures. These requirements ensure that all funds provided through the Recovery Act are clearly distinguished from non-Recovery Act funds in all financial, business, and reporting systems.
- EPA places a high priority on the quality and accuracy of its data. The Agency is reviewing all reporting related to Recovery Act funding to ensure it is complete, accurate, and complies with the requirements and intent of the legislation as well as EPA's Policy on Information Quality. This will continue to assure transparency and accountability.
- While the quality of recipient reported information ultimately rests with ARRA recipients, EPA is committed to reviewing reported information to ensure reporting deficiencies are corrected and addressed by our recipients prior to public posting of information about our awards on Recovery.gov. To guide our internal review process, EPA has developed an internal document which establishes a macro level review across all reports and data elements to identify outliers and anomalies as well as more local reviews conducted by EPA programs focused on specific data elements and fields of importance from a programmatic standpoint.

**EPA Will Ensure Funds are Used for Authorized Purposes** – EPA is implementing a Recovery Act Stewardship Plan to ensure program and Recovery Act goals are achieved, including specific program outcomes as well as results on broader economic indicators. EPA developed quantifiable outputs, performance measures, and reporting requirements to ensure that funds are spent as directed and achieve the economic and environmental goals authorized by the Recovery Act. These outputs and performance measures are included in EPA's Program-Specific Recovery Act Plans as well as in the terms and conditions of all agreements for grants and contracts funded by the Recovery Act. Where possible, EPA is using existing performance measures. This reduces the reporting burden on grant recipients and contractors. It also allows program managers and the public to see the increased environmental benefits made possible by the Recovery Act investments.

**EPA Will Monitor Spending To Avoid Delays and Cost Overruns** – A key aspect of EPA's Recovery Act Stewardship Plan is to ensure proper use and timely expenditure of Recovery Act funds. The Stewardship Plan provides a framework for management oversight in common risk areas such as assurance of qualified personnel, use of competitive awards, timely awards, allowable costs, proper payments, timely expenditures, and timely completion of work. EPA is tracking progress against these measures and reporting on risks, corrective actions, and status of risk mitigation to the Agency's Stimulus Steering Committee. In addition, EPA is conducting audits and investigations of randomly selected recipients of Recovery Act funds which further prevents wasteful spending and minimize waste, fraud, and abuse.



**EPA Will Report on Environmental and Economic Results Achieved** – EPA reports on environmental results, “green” results, and economic results achieved through the Recovery Act and makes those results readily accessible to the public through its Recovery Act Web site at: <http://www.epa.gov/recovery/>. As of this updated Agency Plan (June 2010), EPA has published online two quarterly performance reports highlighting environmental performance results and providing site-specific success stories from across the country.

## 1. Economic Stimulus Results

As stated in the President’s memorandum of March 20, 2009, *Ensuring Responsible Spending of Recovery Act Funds*, the Recovery Act is “an investment package designed to provide a necessary boost to our economy in these difficult times and to create jobs, restore economic growth, and strengthen America's middle class.” To ensure that Recovery Act funds awarded by EPA contribute to the nation’s economic recovery, the Agency is implementing OMB guidance on collecting recipient estimates of jobs created and retained. EPA continues to work with the White House Council of Economic Advisors (CEA) and OMB to ensure efforts undertaken to produce estimates of the job impacts from ARRA funds are scientifically credible, and the reported results are presented in a clear and transparent manner. As the recipient reports are received, the Agency checks the recipient data for completeness and plausibility.

Examples of jobs created and retained through EPA projects include:

- Planning, design, construction, and operation of publicly owned wastewater and drinking water treatment facilities, and building or rehabilitation of water distribution and sewer collection systems.
- Handling, removal, disposal, and management of hazardous substances; laboratory sampling and analysis; environmental assessment, engineering, and management; and site cleanup operation, management, and construction activity at contaminated Superfund sites, brownfield properties, and sites with leaking underground storage tanks.
- Retrofitting, repowering, and/or replacing eligible diesel-powered vehicles and equipment.

Examples of other, broader economic recovery indicators that EPA expects to result from stimulus funding are:

- A greater share of federal funds provided for local clean water and drinking water projects, including disadvantaged and environmental justice communities.
- Increased economic development through reuse of Brownfields and Superfund sites, including improved property values and job opportunities.
- Improvement in the general condition of diesel engines, which will maximize engine life, resulting in savings for owners and fleet managers.
- Increased demand for construction materials such as steel and concrete.
- Increased demand for laboratory and environmental monitoring equipment.
- Increased demand for clean diesel fuel, and emission control technology and equipment.

## 2. Environmental Results

- Clean Water
  - More people served by projects that protect or restore water quality
  - Fewer homes on tribal lands lacking access to basic sanitation
  - More Publicly Owned Wastewater Treatment Plants in compliance with their permitted wastewater discharge standards
- Drinking Water
  - More Community Water Systems that meet all applicable health-based standards than would otherwise.
  - More people served by systems that comply with the public health requirement of the Safe Drinking Water Act
  - Fewer homes on tribal lands lacking access to safe drinking water
- Brownfields
  - More properties assessed and cleaned up
  - More acres ready for reuse
  - Reduced public exposure to contaminants
- Leaking Underground Storage Tanks
  - More contaminated sites assessed
  - More contaminated sites cleaned up
  - Cleaner and safer groundwater and land-use
- Superfund Hazardous Waste Site Cleanups
  - More sites with harmful human exposure under control
  - Faster progress at site cleanups
  - More sites cleaned up
- Diesel Emissions Reductions
  - More heavy-duty diesel engines (including school buses) retrofitted, replaced, or retired
  - Greater lifetime reductions of toxic air pollutants
  - More technology solutions purchased, e.g., exhaust controls, engine upgrades, idle reduction technologies, aerodynamic technologies, cleaner fuels, replacement of aging vehicles or equipment

## 3. Green Results

EPA is encouraging all recipients to minimize the environmental footprint of their work by incorporating innovative technologies and environmental best practices into their projects, especially those funded by the Recovery Act. EPA is asking recipients to provide information, where applicable, on how their projects save energy, conserve water, use renewable resources, practice recycling, and reduce the environmental impact of projects through reuse of construction and demolition materials. Some of the “green results” EPA expects are:

- At least 20 percent of water infrastructure and drinking water projects funded through the Recovery Act will be devoted to “green” projects that improve water and/or energy efficiency and advance environmentally innovative water quality improvements, such as stormwater runoff mitigation and water conservation projects.



- Incorporation of sustainable principles into redevelopment projects on Brownfields sites.
- As major construction projects, Superfund cleanups can involve the use of advanced and innovative technologies for waste water and soil treatment. Employing green technology during cleanup can produce water use efficiencies, reduce energy use and, in some cases, yield energy surpluses through creative project design, as well as lower greenhouse gas emissions.
- Green priorities for diesel emission reduction include decreased emission of greenhouse gas, conservation of diesel fuel, reduced use of fossil fuel, and generation of fuel savings.



Significant work is underway across the Environmental Protection Agency to carry out the Recovery Act effectively. The sections that follow outline enhancements EPA is making to standard processes for awarding and overseeing funds to 1) put Recovery Act dollars to work for Americans as quickly as possible, 2) ensure that Recovery Act dollars are spent for the public benefit, with care, and for their intended purposes, and 3) meet the unique challenges posed by the Recovery Act's transparency and accountability framework.

## II. RECOVERY ACT RESOURCE TABLE

### EPA Summary Table – By Appropriation in Dollars

<b>EPA Summary Table – Summary By Appropriation, by Program with Mgmt and Oversight</b>				
<b>Appropriations</b>	<b>Program</b>	<b>Mgmt &amp; Oversight (1)</b>	<b>Direct Program</b>	<b>Total Appropriation</b>
STAG – State and Tribal Assistance Grants	Clean Water State Revolving Fund (CWSRF)	\$31,000,000	\$4,003,157,730	\$4,034,157,730
	Drinking Water State Revolving Fund (DWSRF)	\$20,000,000	\$1,945,842,270	\$1,965,842,270
	Diesel Emissions Reduction Act (DERA)	\$6,000,000	\$294,000,000	\$300,000,000
	Brownfields	\$3,500,000	\$96,500,000	\$100,000,000
LUST – Leaking Underground Storage Tanks	LUST/UST	\$3,000,000	\$197,000,000	\$200,000,000
SF – Superfund	Superfund - Recovery	\$18,000,000	\$582,000,000	\$600,000,000
IG – Inspector General	Inspector General	NA	NA	\$20,000,000
<b>Total</b>		<b>\$81,500,000</b>	<b>\$7,118,500,000</b>	<b>\$7,220,000,000</b>

(1) The Management and Oversight Funds will be expended through accounts established in the EPM (Environmental Program & Management) appropriation.

### III. GRANTS AND INTERAGENCY AGREEMENTS

#### Overall Strategy

The Environmental Protection Agency (EPA) received \$7.2 billion for awards in the following programs: Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Brownfields, Superfund Hazardous Waste Cleanup, Diesel Emissions Reduction and Leaking Underground Storage Tanks. Approximately \$6.6 billion are being used for grants and interagency agreements. EPA is working with our state, local, tribal, non-profit and other partners to use Recovery Act dollars to make awards that increase our investment in environmental programs and projects. Grants have been distributed quickly, consistent with prudent management. Monitoring reviews are being conducted to ensure EPA grantees have the capability to manage Recovery Act funding. Monitoring reviews also ensure grantees achieve the goals of job creation and preservation, environmental results and economic recovery.

#### Funding by Program

<b>Program</b>	<b>Funding Through Grants and Interagency Agreements (in Millions)</b>
Clean Water State Revolving Fund (CWSRF)	\$3,969M
Drinking Water State Revolving Fund (DWSRF)	\$1,980M
Brownfields	\$90M
Superfund Hazardous Waste Cleanup	\$312M
Diesel Emissions Reduction	\$294M
Leaking Underground Storage Tanks	\$190M
<b>Total Funding</b>	<b>\$6,835M</b>

Note: EPA projections on the Recovery Act's Superfund contracts and grants obligations are based on cost estimates related to the planned site work - actual obligations may vary.

#### Major Milestones

<b>Milestone</b>	<b>Start Date</b>	<b>End Date</b>
Issue Programmatic ARRA Grant Guidance	3/02/09	06/11/09
Award ARRA Non-competitive Capitalization Grants Awarded to States (Clean Water State Revolving Fund, Drinking Water State Revolving Fund)	3/30/09	10/31/09
Award ARRA Non-competitive Grants Awarded (DERA, Brownfields, Leaking Underground Storage Tanks)	3/30/09	08/31/09
Award ARRA Competitive Grants Awarded (Brownfields and Diesel Emissions Reduction)	6/15/09	08/31/09
Obligate STAG, Superfund, and LUST Recovery Act funds	4/30/09	9/30/10
Obligate Management and Oversight (M&O) Funds	4/30/09	9/30/11
Develop and Implement Agency-wide Quality Assurance and Monitoring Strategy	3/16/09	09/30/17
Expend program grants – Final Deadline	3/30/09	<b>9/30/17</b>

## IV. CONTRACTS

### Overall Strategy

EPA is working with our acquisition partners within and external to the Agency to use stimulus dollars to make awards that increase our investment in environmental programs and projects. Most Recovery Act contract funds will be used to clean up abandoned hazardous waste sites through the Superfund Program, with smaller amounts supporting cleanup of Brownfields, Leaking Underground Storage Tanks, and possibly management support services for other Recovery Act activities. Contracts are being awarded quickly, mostly through the use of existing competitively awarded contracts, and primarily for Superfund site cleanup. These contracts are held by both large and small businesses. In partnership with the Office of Solid Waste and Emergency Response and the Office of Small Business Programs, we are working to appropriately meet our socio-economic objectives along with the goal of supporting the Recovery Act.

EPA plans on exclusively using competitive contract procedures for ARRA work being performed under EPA contracts. The great majority of this work is related to ARRA Superfund cleanup work and about 93% will be done under existing competitively awarded contracts, so by definition are competitive actions under ARRA. A smaller amount (about 7%) of ARRA funds will be obligated under newly awarded competitive contracts. EPA is completely confident in achieving competitive results for these new contract actions based upon our extensive past success in achieving high levels of competition. The Agency expects to use 100% competitive procedures under ARRA, which exceeds the good competition rate of 92.34% achieved in all of EPA's contract actions in 2008.

EPA has determined that most Superfund Cleanup sites are not suitable for fixed price contracting as the scope and extent of pollution cleanup is usually too variable to eliminate costly contingency pricing that would be required for large fixed priced contracts. However, EPA plans to negotiate new fixed priced contract actions for ARRA site-specific Superfund Cleanup work. These actions are estimated to account for about 7% of the total amount of the contract funds to be obligated. This projection is founded on the collaboration between Agency Superfund program and procurement officials on how best to achieve an overall efficient and effective Superfund cleanup objective. EPA's use of fixed price contracting will increase over time as existing EPA contracts (which are not fixed price) are being used to begin work quickly (in order to both stimulate economy and maximize the use of the current construction season.

The principal role of oversight over Agency contracting activities will reside with management officials located within the Office of Acquisition Management (OAM) and EPA's regional offices. EPA's existing contracts, which will use the majority of recovery-related contract funds, have sufficient qualified acquisition personnel to provide appropriate contract administration and oversight to effectively monitor contractor performance and mitigate the U.S. Government's risk. To enhance oversight efforts, OAM has taken several steps, including: 1) issuing specific guidance highlighting Recovery Act posting, reporting and documentation requirements; 2) devoting a full-time senior staff person to coordinate all contract-related Recovery Act efforts and development of a contract oversight plan; 3) ensuring that Recovery Act funding is properly segregated and accounted for by mandating that all contract work utilizing such funding is

obligated on a new tasking document; and 4) establishing a Contract Stewardship Committee to provide oversight and management support. This Committee has developed a detailed management plan to assure that all Recovery Act contract funds achieve, in particular, the goals set forth in sections 2.1 and 6.1 of the Implementing Guidance issued by OMB on April 3. This plan is informed by our experience with many other Agency activities, including previous Office of Inspector General findings, EPA best contract stewardship practices from the Agency's Hurricane Katrina activities, and continuing input from our contracts and program managers and staff.

**Funding by Program Area**

<b>Program</b>	<b>Funding Through Contracts (in Millions)</b>
Clean Water State Revolving Fund (SRF)	\$0M
Drinking Water State Revolving Fund (SRF)	\$0M
Brownfields	\$7M
Superfund Hazardous Waste Cleanup	\$290M
Diesel Emissions Reduction	\$0M
Leaking Underground Storage Tanks	\$6M
Management and Oversight (M&O)	\$18M
<b>Total Funding</b>	<b>\$321M</b>

Note:

- 1) EPA projections on the Recovery Act's Superfund contracts and grants obligations are based on cost estimates related to the planned site work - actual obligations may vary.
- 2) The above totals do not include ARRA contract funds which were awarded and are being managed by the U.S. Army Corps of Engineers.

**Major Milestones**

<b>Milestone</b>	<b>Start Date</b>	<b>End Date</b>
Develop and Issue ARRA Contracts Guidance	3/02/09	3/25/09
Develop Acquisition Strategy for LUST	3/06/09	3/31/09
Develop Acquisition Strategy for Superfund Sites	3/16/09	5/29/09
Develop Acquisition Strategy for Brownfields Sites	3/16/09	3/31/09
Obligate STAG, Superfund, and LUST Recovery Act funds	4/13/09	9/30/09
Obligate Management and Oversight (M&O) Funds	4/13/09	9/30/11
Develop and Implement Agency-wide Quality Assurance and Stewardship Plan	3/16/09	9/30/17
Expend contracts – Final Deadline	3/30/09	<b>9/30/17</b>

## V. INTERNAL CONTROLS: EPA RECOVERY ACT STEWARDSHIP PLAN

To ensure adequate controls and oversight activities associated with EPA's implementation of the Recovery Act, the Office of the Chief Financial Officer (OCFO) convened an Agency-wide Internal Controls Workgroup to develop a Recovery Act Stewardship Plan.

The Stewardship Plan addresses seven operational areas:

- Grants Management
- Contracts Management and Procurement
- Budget Execution
- Financial Reporting
- Interagency Agreements
- Payroll/Human Capital
- Performance Reporting

For each operational area, EPA subject matter experts identified programmatic, financial, procurement, grant, and performance risks and evaluated internal controls based on Office of Management and Budget Recovery Act guidance and the five Government Accountability Office internal control standards. EPA's Office of the Inspector General, in an advisory role, and other risk assessment experts assisted the Agency in preparing these risk assessments.

The Stewardship Plan identifies control activities that mitigate the risks associated with the management of the Recovery Act funds. EPA identified risks specific to those programs in addition to the OMB-identified risk areas. The Agency performs reconciliations and quality assurance reviews on the financial data and monitors administrative and programmatic operations of recipient and sub-recipient activities. The Stewardship Plan helps ensure that financial and performance reporting mechanisms are providing accurate data.

EPA's Internal Controls Workgroup is monitoring implementation of the Stewardship Plan and reports status updates to the Recovery Act Executive Steering Committee for the Agency. In addition, the group works with program offices, as needed, to refine/revise the internal control activities that hold management accountable for achieving Recovery Act program goals and improvements. In February 2010, EPA issued a revised Stewardship Plan that incorporated additional OMB guidance.

In December 2008 and May 2009, the OCFO issued FY 2009 A-123/Federal Managers' Financial Integrity Act (FMFIA) internal control guidance to assist program and regional offices in developing program/administrative review strategies, conducting reviews, and preparing annual assurance letters to the Administrator. The May 2009 guidance assisted program and regional offices engaged in Recovery Act activities in preparing their management integrity letters. EPA's February 2010 A-123/March 2010 FMFIA guidance for FY 2010 fully addresses responsibilities for assessing programmatic and administrative controls over both Recovery Act resources and activities. Validation of EPA's FY 2010 assurance letters will begin in October 2010. These results will inform the FY 2011 A-123/FMFIA guidance.



## VI. ACCOUNTABILITY AND TRANSPARENCY

EPA is committed fully to ensuring transparency and accountability throughout the Agency as we spend Recovery Act funds in accordance with OMB guidance. We welcome the additional opportunities for providing stakeholders and the public with detailed information during implementation of the Recovery Act.

EPA's Senior Accountable Official for the Recovery Act is Craig Hooks, Acting Assistant Administrator of OARM. He represents EPA at meetings convened by the White House, the Office of Management and Budget (OMB), and other government entities; attends EPA's Stimulus Steering Committee meetings; reviews EPA's Recovery Act activities, communication, and reporting information; and sets the implementation vision for the Agency.

To govern Recovery Act communication, implementation policies, business processes, performance measurement, reporting, and monitoring, EPA formed an executive-level Stimulus Steering Committee. The Stimulus Steering Committee is chaired by EPA's Office of Administration and Resources Management (OARM). Membership is comprised of EPA career senior executives and includes representatives from the Office of Inspector General (OIG) as well as the Office of Management and Budget (OMB). The White House Recovery Act Transparency Board has identified EPA's Stimulus Steering Committee as a Recovery Act "best practice."

EPA's Stimulus Steering Committee met weekly throughout 2009 and on a monthly basis in 2010 to review implementation, monitor progress, and resolve issues brought by its eight subcommittees. The subcommittees include:

- Communication and Outreach
- Interagency Issues
- Congressional Coordination
- Grants and Interagency Agreements
- Contracts
- Finance and Resources
- Performance Measurement
- Reporting and Tracking

The subcommittees were created to quickly analyze Recovery Act implementation requirements and business processes in their specific areas of responsibility, note any potential issues and opportunities for collaboration, and initiate any necessary corrective actions through clear and transparent work plans with milestones. Each subcommittee met at least weekly in 2009 and continues to coordinate with others as needed. Significant obstacles to swift and effective implementation of the Recovery Act are raised to the Stimulus Steering Committee for resolution. EPA tracks progress on award and allocation of Recovery Act dollars on a daily basis, including identification of "sticking points" if the numbers remain static for a day or two, signaling a need for immediate attention. Additionally, EPA's Agency-wide Internal Controls Workgroup is monitoring implementation of the Agency's Stewardship Plan, which identifies control activities that mitigate the risks associated with the management of the Recovery Act funds. The workgroup reports status updates to the Stimulus Steering Committee for Agency-level accountability.

EPA is committed to accuracy and transparency in all Agency reporting as well as in all material posted on EPA's Recovery Act Web site, <http://www.epa.gov/recovery/>, and through the

government-wide Web site, <http://www.recovery.gov/>. On a weekly basis, EPA posts Weekly Reports to highlight actions taken and progress made, and on a quarterly basis posts Performance Reports to ensure accountability and demonstrate progress toward meeting program goals.

EPA realizes that appropriate internal controls for data and information quality must be in place to ensure that only complete and accurate information is posted and available to the public. For both financial and programmatic performance reporting, EPA will continue to implement its controls under A-123 and the Agency's policy on information quality.

For purposes of the Recovery Act, the Agency has developed Quality Assurance Management Action Plans to ensure quality standards are reflected in fiduciary instruments such as grants and contracts and that performance results reported to information systems for ARRA reporting are complete, accurate, and comply with the Agency's Quality Program and Information Quality Guidelines. Performance results covered by the Management Action Plans include environmental and program outputs and outcomes, green outcomes, jobs created, and administrative outputs specific to stimulus spending. These plans also require documentation and certification of data submitted for purposes of the ARRA.

**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PROGRAM PLAN:  
CLEAN WATER STATE REVOLVING FUND  
JUNE 1, 2010**

**a) Funding Table**

<b>EPA Program-Specific Recovery Act Plan Clean Water State Revolving Funds (CWSRF)</b>				
<b>Treasury Symbol</b>	<b>Appropriations</b>	<b>Program</b>	<b>Sub-program</b>	<b>Total Appropriation</b>
689/00102	STAG - Recovery Act	CLEAN WATER SRF	Recovery Act: CWSRF Fund*	\$3,921,841,480 <sup>1</sup>
			Recovery Act: CWSRF Indian Set Aside	\$60,000,000
			Recovery Act: Water Quality Planning - 604(b)	\$39,392,000
689/10108	EPM (M&O) -- Recovery Act	CLEAN WATER SRF	Recovery Act: EPA (Headquarters & Regions)	\$31,000,000
<b>Total</b>				<b>\$4,052,233,480</b>

\*Includes grants to the District of Columbia and Territories.

**b) Objectives**

The Clean Water State Revolving Fund State and Tribal Assistance Grants (STAG) provides funds to states to establish state loan revolving funds that finance infrastructure improvements for public wastewater systems and other water quality projects. The CWSRF is essentially comprised of 51 state financing programs (includes Puerto Rico) which are run in accordance with the federal statute and regulations. For the District of Columbia and the territories, these STAG funds are used for direct grants to the District or territory for similar purposes. 1.5

<sup>1</sup> Includes transfers to/from the Drinking Water State Revolving Fund of \$52,233,480.

percent of the STAG funds are set-aside for wastewater infrastructure improvements on tribal lands. Out of remaining STAG funds, each state and territory receives 1 percent of their allotment or \$100,000 (whichever is greater) to support water quality management planning.

The objectives that have been established for the CWSRF funding under ARRA will ensure program focus on beneficial, cost-effective project development and implementation that creates jobs quickly. The objectives developed specifically for the ARRA are consistent with established on-going CWSRF program objectives and will be integrated with existing CWSRF management and operations. CWSRF projects are selected based on statutory principles (i.e., public health and water quality goals) carried out through State-established priority systems. Objectives developed for ARRA funding through the CWSRF program are guided by the overarching goal of the National Water Program to protect aquatic systems throughout the country, including rivers, lakes, coastal water, and wetlands.

CWSRF objectives that are specific to ARRA are:

1. To preserve and create jobs and promote economic recovery through investments in water infrastructure and other water quality projects.
2. To give priority to water infrastructure projects on a state priority list that are ready to proceed to construction within 12 months, with a goal of providing 50 percent of the funds to projects ready to initiate construction by June 17, 2009.
3. To provide a greater federal share for local clean water projects (through additional subsidization) and to reach communities that would otherwise not have the resources to repay a loan (e.g., disadvantaged communities, environmental justice communities).
4. To increase the number of clean water infrastructure improvement projects.
5. To ensure funding of green infrastructure, water and/or energy efficiency and innovative water quality improvements, such that at least 20 percent of the funds are used for such 'green' projects, to the extent applications are available.
6. In the case where a state does not commit funds to projects that are under contract or construction within one year of enactment, to promptly re-allot the funds to states that can quickly commit the funds to projects ready to proceed.

ARRA objectives will be in coordination with Agency program goals including:

7. Increase the number, and national percent, of all major publicly-owned treatment works (POTWs) that comply with their permitted wastewater discharge standards (i.e., POTWs that are not in significant non-compliance)
8. Maintain a high fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) for the Clean Water State Revolving Fund (CWSRF)
9. By 2015, in coordination with other federal agencies, reduce by 50 percent the number of homes on tribal lands lacking access to basic sanitation.

**c) Activities**

1. ARRA funds will increase the amount of money that is available through state revolving funds to provide assistance to:
  - i. State or local governments for planning, design, and construction of publicly owned wastewater treatment facilities, to build or rehabilitate sewer collection systems, and control or mitigate stormwater runoff.
  - ii. Public or private entities for capital projects that address nonpoint source pollution, to the extent those projects are identified in State Nonpoint Source Control Plans (under Section 319 of the Clean Water Act).
  - iii. Public or private entities for capital projects that address water quality needs, to the extent those projects are identified in Comprehensive Conservation Management Plans by one of the 39 estuary programs recognized under Section 320 of the Clean Water Act.
  - iv. Entities in i. - iii. for green infrastructure, water and/or energy efficiency, and innovative water quality improvements.
2. ARRA funds will support administration of the 51 SRF programs by the states.
3. ARRA funds will increase the amount of money that is available to DC and the territories through direct grants from EPA for:
  - i. Planning, design, and construction of publicly owned wastewater treatment facilities, building or rehabilitation of sewer collection systems, and control or mitigation of stormwater runoff.
  - ii. Public or privately owned capital projects that address nonpoint source pollution, to the extent those projects are identified in District/Territory Nonpoint Source Control Plans (under Section 319 of the Clean Water Act).
4. ARRA funds will provide assistance to Tribes through an interagency agreement with the Indian Health Service (IHS) for the planning, design, and construction of wastewater management and treatment facilities.
5. Support of water quality management planning activities by the states, DC, and the territories and regional planning entities.

**d) Funding Characteristics**

The funding provided by ARRA will be primarily capitalization grants to states. States operate independent CWSRF programs and will determine the terms of assistance within the parameters of the Act.

Type of Financial Award	Type of Recipient/ Beneficiary	Estimated Dollar Amount	Methodology for Award Selection
CFDA No. 66.458  Formula grants  (capitalization grants)	States  U.S. Territories and possessions (includes DC)	\$3.87 billion of which an estimated \$0.78 billion is reserved for green infrastructure, water	Federal Clean Water Act allotment formula defines how much each State, DC, and each

to states; direct grants for planning, design, and/or construction to DC and the territories)	States receive capitalization grants and provide assistance to eligible assistance recipients within the State. Eligible assistance recipients (local governments, etc.) receive assistance generally in the form of loans; 50 percent of the total capitalization grant is provided as additional subsidy to assistance recipients in the form of <u>principle forgiveness, negative interest rates, or grants</u> DC and the territories receive direct grants	and/or energy efficiency, and environmentally innovative projects to the extent that applications exist  States may use up to 4 percent for administration of the revolving fund	territory gets.  States develop project priority lists, for ARRA funds, States give priority to projects ready to proceed and (for 20 percent of their funds) green projects ready to proceed.
Formula Grant  (direct grants or cooperative agreements for Water Quality Management Planning)	States  U.S. Territories and possessions (includes DC)	\$39.4 million	Federal Clean Water Act allotment formula specifies 1 percent of State's CWSRF allocation or \$100,000 – whichever is higher
Other (Interagency Agreement)	Federal (Indian Health Services/Tribes are beneficiary)	\$60 million (\$57.6 million for benefit of tribes; \$2.4 million for IHS management and oversight)	ARRA specifies 1.5 percent of \$4 billion for Tribal Set-Aside, and specifies that IHS may use 4 percent of any funds managed through an IA with IHS for management and oversight  Tribal projects are selected in consultation with IHS based upon the IHS priority ranking system
EPA Management &	In-house	\$10.508 million	Na



Oversight	(EPA staff, travel, and administrative expenses (non-contract) for management and oversight of the funds)	(Office of Water only)	
EPA Management & Oversight	Contract (technical and administrative support for management and oversight of the funds)	\$14.492 million (Office of Water only)	Awarded in compliance with the Agency's competition policies. In general, use of previously competed and awarded contracts is anticipated

**e) Delivery Schedule**

1. Issuance of Guidance on Award of Capitalization Grants March 2, 2009
2. Issuance of Guidance on Award of Water Quality Management Planning Grants or Cooperative Agreements March 2009
3. States prepare CWSRF Intended Use Plans (IUPs) February - October 2009
4. Award of IA to IHS for tribal assistance May 2009
5. Issuance of Guidance on Award of Direct Grants May 2009
6. DC and Territories projects undergo NEPA review April – September 2009
7. State submission of grant applications to EPA March – September 2009
8. EPA awards grants March – October 2009
9. States certify to projects that are under contract or in construction by February 17, 2010 March 1, 2010
10. EPA reallots funds for projects missing Feb. 17 deadline N/A<sup>2</sup>
11. State submission of full grant applications to EPA for reallotted funds N/A<sup>2</sup>
12. EPA awards grants under reallotment N/A<sup>2</sup>

Throughout, EPA will monitor the use of funds for intended purposes. For example, in the first phase of ARRA implementation, EPA will review each state's detailed plan that specifies how the funds will be used. As implementation progresses, EPA will continue to monitor ARRA activities. For instance, the Agency will conduct detailed reviews of selected financial withdrawals of U.S. Treasury funds by states to ensure that the associated invoices are in order.

**f) Environmental Review**

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<sup>2</sup> Not applicable because all 50 states and Puerto Rico met the February 17, 2010 deadline to have all CWSRF ARRA funds under contract and construction.

Each state CWSRF program uses approved State Environmental Review Processes (SERP) that comply with the National Environmental Policy Act. The SERP process will be used by states for all projects funded with ARRA funds. The SERPs incorporate project impact review as is required by all applicable federal environmental requirements including cross-cutting laws, policies, and Executive Orders.

In DC and the territories, grants will be awarded from ARRA funds as CWA Title II grants for the funds from CWSRF. The grants awarded under CWA Title II are required to comply with the National Environmental Policy Act, Pub. L. 91-190.

Clean Water Indian Set-Aside (CWISA) Program funds transferred to IHS in the form of an Interagency Agreement (IA) will be administered by IHS under its policies and guidelines, including applicable Federal requirements, such as environmental review, and subject to its authorizing statutes (including the Indian Self-Determination Act, Indian Health Care Improvement Act, and P.L. 86-121 (42 U.S.C. 2004a).

**g) Measures and Results**

As the nation's largest water quality finance program, the CWSRF program supports the overarching goal of the National Water Program to protect aquatic systems throughout the country, including rivers, lakes, coastal water, and wetlands. Existing water program outcome measures, reported annually in the Agency's Performance and Accountability Report, include:

Long-term Measure: Number of waterbodies identified in 2002 as not attaining water quality standards where standards are now fully attained (cumulative).

Annual Measure: Number, and national percent, of all major publicly-owned treatment works (POTWs) that comply with their permitted wastewater discharge standards (i.e., POTWs that are not in significant non-compliance).

The ARRA funds, in combination with the regular program appropriation and effective management of existing fund assets, are projected to improve program performance upon project completions. Based upon normal construction timelines, we would anticipate very few project completions in FY10, more in FY11, and most in FYs 12, 13, and 14. Although effect on compliance (annual measure) can be seen shortly after construction completion, waterbody improvements often lag project completion as natural attenuation occurs. Outcome results are also impacted by other factors, including new sources of water pollution, increased loadings from existing sources (e.g., due to population growth or industrial sources not generally eligible for program funding), or altered stream morphology due to changes in land use patterns. Though the ARRA funds represent a significant increase in program funds available for project finance and will finance worthy projects that may otherwise not proceed, impacts from ARRA funds will not be able to be shown separately from core program impacts except possibly for anecdotal instances.

Programmatic outputs contributing to these outcomes are used to measure program performance. New measures specific to ARRA-related funding have been established and will be used in conjunction with the existing program measures.

Performance measures and results specific to ARRA:

American Recovery and Reinvestment Act Performance Measures	Cumulative Quarter 4 FY09	Cumulative Quarter 1 FY10	Cumulative Quarter 2 FY10	Long-term Target
ARRA amount (\$) of projects that are under contract (non-tribal)	\$608 M	\$2.3 B	\$ 3.89 B	\$3.89 B
ARRA amount (\$) of projects that have started construction (non-tribal)	\$.728 B	\$1.8 B	\$ 3.4 B	\$3.89 B
ARRA amount (\$) of projects that have completed construction (non-tribal)	\$.0031 B	\$.0158 B	\$ .0429 B	\$3.89 B
Number of States that have awarded all of their 20% green project reserve	12	27	51	51
ARRA amount (\$) of projects that have started construction (tribal)	\$9.2 M	\$ 19.5 M	\$ 26.8 M	\$60 M
ARRA amount (\$) of projects that have completed construction (tribal)	\$.54 M	\$ .62 M	\$2.9 M	\$60 M
Number of ARRA projects for which Tribes have signed a Memorandum of Agreement with IHS for the project (tribal)	92	94	95	95

Since these measures are ARRA-specific, they will directly show performance against the ARRA funds, tracking states' ability to identify and finance "green" projects totaling 20 percent of the ARRA funds as well as recipient performance in project initiation and completion.

In order to ensure that the fiscal integrity of the program remains strong, that overall program funds are used to finance projects quickly, and that the use of the funds remains efficient, the program will continue to track programmatic output measures, which include the fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) for the Clean Water State Revolving Fund (CWSRF).

ARRA implementation could have an effect on the CWSRF program's broader performance measure for fund utilization. The massive influx of stimulus funds is anticipated to have a negative effect on fund utilization rate in FY09 and FY10, as the program deals with an unprecedented level of new funding while managing an ever increasing volume of repayments from prior year loans. We generally consider fund utilization in the 94-96 percent range to be excellent, and do not expect to be able to maintain that in the short term. Our goal would be to achieve those levels again in FY11 and beyond.

The types and scope of projects being funded with ARRA funds is also expected to cause shifts in the efficiency metric (number 2 above). Despite the overall cost savings expected to result from the ARRA funds, the efficiency measure may actually suffer as the ARRA funds allow the program to reach more projects at the two ends of the spectrum: more projects for our smallest and poorest communities that are likely to be attracted by the first-time provision for loan forgiveness, and large scale stormwater and combined sewer projects that have historically been too expensive for the CWSRF to fund.

## h) Monitoring and Evaluation

Monitoring and evaluation begins from the very start of the process, with review by EPA's Regional Offices of the grant applications (including the States' Intended Use Plans) adherence to requirements. In the SRF ARRA Guidance, EPA provided an example of an ARRA Intended Use Plan. Upon grant award, grant conditions specify the terms and conditions necessary to comply with the underlying statute, the ARRA, regulations, and executive orders. This includes requirements for access to sites and information for compliance auditing purposes as well as reporting requirements specific to the grant.

For the State Revolving Funds, Title VI of the CWA created an annual cycle of accountability in the CWSRF program. States are required, for the life of the CWSRF program, to submit an annual report to EPA that communicates performance over the year. EPA conducts an annual review of each state's annual report, compliance with grant conditions, and overall operation of the program. In addition to the base program annual review, EPA will conduct two reviews of state ARRA implementation each year. Part of that review is transaction testing required to ensure that erroneous payments are not occurring. EPA will conduct transaction testing for ARRA funds for twice the sample size of that performed on the rest of the CWSRF program. EPA modified its annual review checklist to ensure compatibility with ARRA requirements.

Title VI of the CWA also requires states to annually conduct a financial audit of the CWSRF fund accounts. Most states also conduct an independent financial audit of the state's financial management system. Those independent audits test a state's financial management system in place and can also provide reports on the internal controls and compliance of each CWSRF program.

In addition, to ensure fiscal accountability, states require local recipients who expend \$500,000 or more of federal funds to submit their federally required "single audit" of their federally funded programs.

This process has been in place since the initiation of the CWSRF program (1987) and states and EPA are adept at conducting the monitoring, reporting, and evaluation process. Each element of this process will apply to the ARRA funding provided through the CWSRF program.

In addition to the annual review process, EPA will collect information on project progress and performance weekly, as changes occur. As a term and condition for each CWSRF capitalization grant, states will be required to report on project progress toward meeting the program goals and requirements established by ARRA. EPA will collect data on resource utilization and project performance through established Agency reporting systems and will post these data on EPA's Recovery Act web area.

For direct grants and water quality management planning cooperative agreements, post-award monitoring plans are established at the time of grant award. Routine monitoring of compliance with the grant conditions, including independent assessment that expenditures reflect work milestones completed, is part of that post-award monitoring. Site visits by EPA, a contractor, or

the Corps of Engineers to review project progress, reporting, and accounting are included for direct grants involving construction.

**i) Transparency**

Under the ARRA, tracking begins at the direct recipient level, with information on grant applications received and grants awarded (including \$ amount obligated). Once expenditures against those grant awards commence, that data will also be reported at a grant level. This information is being made public in the Weekly Recovery Act Reports through March 1, 2010, which are available on [www.epa.gov/recovery](http://www.epa.gov/recovery).

Under the ARRA, tracking will also be done at the project and sub-recipient levels.

For projects in the 50 states and Puerto Rico, EPA will be tracking projects and sub-recipient information in a database historically used by the states to track environmental benefits.<sup>3</sup> EPA will make all project and sub-recipient information captured publicly available. Information known at the time of grant award or assistance agreement (sub-recipient) award will be entered in real time and posted on a monthly basis. Updates on construction starts will be entered in real time and posted monthly. Updates on construction progress will be made and posted quarterly.

For projects on tribal lands, IHS will be tracking projects in their project data system (PDS) and making ARRA reporting data publicly available.

Program performance measures that are not ARRA specific will continue to be reported and made publicly available annually with EPA's Performance and Accountability Report.

**j) Accountability**

The CWSRF program will ensure that the expenditure and monitoring of Recovery Act funds are transparent and that appropriate, qualified staff oversee Recovery Act resources.

Regional managers review and approve grant awards, using the evaluation checklists that have been developed under the ARRA. Under the annual cycle of accountability in the CWSRF program, findings from annual reviews and site visits by Regional staff are reported to Regional management and corrective actions taken. EPA Headquarters provides bi-annual review of Regional oversight, and participates in five state reviews each year. Findings are reported to management, issues elevated quickly to senior leaders, and corrective actions taken. State independent financial audits are reviewed at the Regional and Headquarters level. Questionable findings are investigated. Any issues arising from those investigations are escalated quickly to senior leadership and corrective actions are taken.

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<sup>3</sup> Washington, DC and the other territories are a direct loan program that operates differently from the SRF programs in the 50 states and Puerto Rico.



In compliance with the Federal Managers' Financial Integrity Act (FMFIA) EPA's ongoing management integrity program requires us to develop a multiyear program review strategy, conduct systematic and rigorous assessments of internal controls over our programmatic and financial operations, and report on the effectiveness of those controls in our annual letter of assurance to the Administrator. For FY 2009, we addressed the integrity of Recovery Act programs by including an additional assurance statement regarding ARRA funds and activities as part of our annual assurance letter to the Administrator.

In addition to our internal reviews, we will rely on audit findings and program evaluation results to inform our assessment and strengthen program accountability.

The oversight process in place for ARRA funding ensures that managers and staff will be held accountable for performance. Senior managers' performance standards include specific performance measures related to the CWSRF program, and staff's performance standards contain measures reflecting their role and responsibilities in achieving progress. (During midyear performance reviews, these performance standards and measures are being modified to address Recovery Act-specific goals.)

#### **k) Barriers to Effective Implementation**

Previously, a primary concern for the program was interpretation and implementation of the Buy American provisions of ARRA because the program had not been covered by such a provision before. However, the Buy American provision did not prevent us from meeting the February 17, 2010 deadline to have all the funds under contract. While we anticipated that the majority of waiver requests would come in before this date, there are still some requests which are being submitted and late requests which are being addressed. There may be a small contingency of projects which are delayed due to the BA waiver process, but the majority of projects should not be at risk for delay because of these provisions.

#### **l) Federal Infrastructure Investments**

The CWSRF program is implementing the ARRA to ensure that funds are expended effectively to comply with the intent of the Act to focus on energy efficiency and green building technology. As specified in the ARRA, to the extent there are sufficient eligible project applications not less than 20 percent of the capitalization grant received by states will be used for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative technologies. States must certify and EPA must accept the state certification that they did not receive sufficient eligible project applications for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative technologies. EPA has provided guidance to the states that on implementation of the green reserve provisions, and is requiring states with insufficient green projects to make a concerted effort to solicit those projects from a wider array of potential recipients for 6 months before the state can certify that it has insufficient applications to fully utilize the reserve. EPA has conducted webcasts for states on the implementation of the green reserve provisions, and is planning webcasts for a broader array of constituencies in the spring.



**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PROGRAM PLAN:  
DRINKING WATER STATE REVOLVING FUND  
JUNE 1, 2010**

**a) Funding Table**

<b>EPA Program-Specific Recovery Act Plan Drinking Water State Revolving Funds (DWSRFs)</b>				
<b>Treasury Symbol</b>	<b>Appropriations</b>	<b>Program</b>	<b>Sub-program</b>	<b>Total Appropriation</b>
689/00102	STAG - Recovery Act	DRINKING WATER SRF	Recovery Act: DWSRF Indian Set Aside	\$30,000,000
			Recovery Act: DWSRF State Programs*	\$1,950,000,000
689/10108	EPM (M&O) -- Recovery Act	DRINKING WATER SRF	Recovery Act: EPA (Headquarters & Regions)	\$20,000,000
Net Transfers with CWSRF				-52,233,480
<b>Total</b>				<b>\$1,945,842,270</b>

\*Includes grants to the District of Columbia and Territories.

**b) Objectives**

The Drinking Water State Revolving Fund State and Tribal Assistance Grant (STAG) provides funds to states to establish state loan revolving funds that finance infrastructure improvements for publicly and privately owned Community Water Systems and not-for-profit Non-Community Water Systems. The DWSRF is comprised of 51 state financing programs (includes Puerto Rico) which are run in accordance with the federal statute and regulations. Each State receives an allocation of funds based upon its proportionate share of the total national need reported in the Drinking Water Infrastructure Needs Survey; each State is guaranteed a minimum allocation of 1 percent. For the District of Columbia (which receives an allocation of 1 percent), and the territories (which receive an allocation of 0.33 percent), these STAG funds are used for direct

grants to the District or territories for similar purposes. 1.5 percent of the STAG funds are set-aside for drinking water infrastructure improvements on tribal lands and in Alaska Native Systems.

The objectives that have been established for the DWSRF funding under ARRA will ensure program focus on beneficial, cost effective project development and implementation that creates jobs quickly. The objectives developed specifically for the ARRA are consistent with established on-going DWSRF program objectives and will be integrated with existing DWSRF management and operations. DWSRF projects are selected based on statutory principles (i.e., address the most serious risks to human health; ensure Safe Drinking Water Act compliance; and assist systems most in need considering per-household costs) carried out through state-established priority systems. Under ARRA, additional priority is given to projects that are ready to proceed. Objectives developed for ARRA funding through the DWSRF program are guided by the overarching goal of the National Water Program to protect public health by improving the quality of drinking water.

DWSRF objectives that are specific to ARRA are:

1. To preserve and create jobs and promote economic recovery through investments in water infrastructure and other water quality projects.
2. To give priority to water infrastructure projects on a state priority list that are ready to proceed to construction within 12 months, with a goal of providing 50 percent of the funds to projects ready to initiate construction by June 17, 2009.
3. To provide a greater federal share for local drinking water projects (through additional subsidization) and to reach communities that would otherwise not have the resources to repay a loan (e.g., disadvantaged communities, environmental justice communities).
4. To increase the number of drinking water infrastructure improvement projects.
5. To ensure funding of green infrastructure, water and/or energy efficiency and innovative water quality improvements, such that at least 20 percent of the funds are used for such 'green' projects, to the extent applications are available.
6. In the case where a state does not commit funds to projects that are under contract or construction within one year of enactment, to promptly re-allot the funds to states that can quickly commit the funds to projects ready to proceed.

ARRA objectives will be in coordination with agency program goals including:

7. Increasing the percent of the population served by community water systems that receive drinking water that meets all applicable health-based standards.
8. Increasing the percent of Community Water Systems that meet all applicable health-based standards.
9. Maintain an acceptable fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) for the Drinking Water State Revolving Fund (DWSRF) that indicated both ARRA funds and base program funds are being used to the fullest extent possible.
10. By 2015, in coordination with other federal agencies, reduce by 50 percent the number of homes on tribal lands lacking access to safe drinking water.

**c) Activities**

1. ARRA funds will increase the amount of money that is available through state revolving funds to provide assistance to:
  - i. Drinking water facilities for planning, design, and construction of drinking water treatment facilities and distribution systems; and for green infrastructure, water and/or energy efficiency, and environmentally innovative projects.
  - ii. States (at their option) to support core implementation of the Safe Drinking Water Act.
2. ARRA funds will support administration of the 51 SRF programs by the states.
3. Increase the amount of money that is available to DC and the territories through direct grants from EPA for planning, design, and construction of drinking water facilities and distribution systems.
4. ARRA funds will provide assistance to Tribes through an interagency agreement with the Indian Health Service (IHS) for the planning, design, and construction of drinking water facilities and distribution systems.

**d) Funding Characteristics**

The funding provided by ARRA will be primarily capitalization grants to states. States operate independent DWSRF programs and will determine the terms of assistance within the parameters of the Act.

Type of Financial Award	Type of Recipient/Beneficiary	Estimated Dollar Amount	Methodology for Award Selection
CFDA No. 66.468  Formula grants  (capitalization grants to states, direct grants for planning, design, and/or construction to DC and the territories)	States  U.S. Territories and Possessions (includes DC)  States receive capitalization grants and provide assistance to eligible assistance recipients within the State/ Eligible assistance recipients (local governments, etc.) receive assistance generally in the form of loans; 50 percent	\$1.95 billion of which an estimated \$0.39 billion is reserved for green infrastructure, water and/or energy efficiency, and environmentally innovative projects to the extent that applications exist  States may use up to 4 percent for administration of the revolving fund	Safe Drinking Water Act formula defines how much each State, DC, and each territory gets.  States develop project priority lists, for ARRA funds, States give priority to projects ready to proceed and (for 20 percent of their funds) green projects ready to proceed.

	<p>of the total capitalization grant is provided as additional subsidy to assistance recipients in the form of principle forgiveness, negative interest rates, or grants</p> <p><u>DC and the territories receive direct grants</u></p>		
Other (Interagency Agreement)	Federal (Indian Health Services/Tribes are beneficiary)	\$30 million for benefit of tribes, including \$1.2 million for IHS management and oversight	<p>ARRA specifies 1.5 percent of \$2 billion for Tribal Set-Aside, and specifies that IHS may use 4 percent of any funds managed through an IA with IHS for management and oversight</p> <p>Tribal projects are selected in consultation with IHS based upon the IHS priority ranking system</p>
EPA Management & Oversight	In-house (EPA staff, travel, and administrative expenses (non-contract) for management and oversight of the funds)	\$10.265 million (Office of Water only)	Na
EPA Management & Oversight	Contract (technical and Administrative support for management and oversight of the funds)	\$7.333 million (Office of Water only)	Awarded in compliance with the Agency's competition policies. In general, use of previously competed and awarded contracts is anticipated

**e) Delivery Schedule**

- |   |                        |
|---|------------------------|
| 1. Issuance of Guidance on Award of Capitalization Grants                                     | March 2, 2009          |
| 2. States prepare DWSRF Intended Use Plans (IUPs)   | February - May 2009    |
| 3. Award of IA to IHS for tribal assistance   | May 2009               |
| 4. Issuance of Guidance on Award of Direct Grants   | May 2009               |
| 5. DC and Territories projects undergo NEPA review  | April – September 2009 |
| 6. State submission of grant applications to EPA  | March – September 2009 |
| 7. EPA awards grants  | March – October 2009   |
| 8. States certify to projects that are under contract or in construction by February 17, 2010 | March 1, 2010          |
| 9. EPA reallots funds for projects missing Feb. 17 deadline                                   | N/A*                   |
| 10. State submission of full grant applications to EPA for reallotted funds                   | N/A*                   |
| 11. EPA awards grants under reallotment   | N/A*                   |

\* Dates Not applicable due to all States successfully meeting 2/17/10 deadline.

Throughout, EPA will monitor the use of funds for intended purposes. For example, in the first phase of ARRA implementation, EPA will review each state’s detailed plan that specifies how the funds will be used. As implementation progresses, EPA will continue to monitor ARRA activities. For instance, the Agency will conduct detailed reviews of selected financial withdrawals of U.S. Treasury funds by states to ensure that the associated invoices are in order.

**f) Environmental Review**

Each state DWSRF program uses approved State Environmental Review Processes (SERP) that comply with the National Environmental Policy Act. The SERP process will be used by states for all projects funded with ARRA funds. The SERPs incorporate project impact review as is required by all applicable federal environmental requirements including cross-cutting laws, policies, and Executive Orders.

In DC and the territories, grants will be awarded from ARRA funds as grants for the funds from the DWSRF. The grants awarded under the SDWA’s SRF program are required to comply with the National Environmental Policy Act, Pub. L. 91-190.

Drinking Water Indian Set-Aside (DWISA) Program funds transferred to IHS in the form of an Interagency Agreement (IA) will be administered by IHS under its policies and guidelines, including applicable Federal requirements, such as environmental review, and subject to its authorizing statutes (including the Indian Self-Determination Act, Indian Health Care Improvement Act, and P.L. 86-121 (42 U.S.C. 2004a)).

**g) Measures and Results**

As the nation’s largest drinking water finance program, the DWSRF program supports the overarching goal of the National Water Program to protect public health through safe drinking water. Existing drinking water program outcome measures, reported annually in the Agency’s Performance and Accountability Report, include:

Long-term Measure: Percent of population served by community water systems that receive drinking water that meets all applicable health-based drinking water standards through approaches including effective treatment and source water protection.

Annual Measure: Number of Drinking Water State Revolving Fund (DWSRF) projects that have initiated operations (cumulative).

The ARRA funds, in combination with the regular program appropriation and effective management of existing fund assets, are projected to improve program performance upon project completions. Based upon normal construction timelines, we would anticipate very few project completions in FY10, more in FY11, and most in FYs 12, 13, and 14. Outcome results can be impacted by other factors, including new standards, and facilities can fund infrastructure projects from a variety of sources. Though the ARRA funds represent a significant increase in program funds available for project finance and will finance worthy projects that may otherwise not proceed, impacts from ARRA funds will not be able to be shown separately from core program impacts except possibly for anecdotal instances.

Programmatic outputs contributing to these outcomes are used to measure program performance. New measures specific to ARRA-related funding have been established and will be used in conjunction with the existing program measures.

Performance measures specific to ARRA:

American Recovery and Reinvestment Act Performance Measures	Cumulative Quarter 4 FY09	Cumulative Quarter 1 FY10	Cumulative Quarter 2 FY10	Long-term Target
ARRA amount (\$) of DWSRF projects that are under contract (non-tribal)	\$ .162 B	\$ .998 B	\$1.796 B	\$1.796 B
ARRA amount (\$) of DWSRF projects that have started construction (non-tribal)	\$ .20 B	\$ .927 B	\$1.604 B	\$1.796 B
ARRA amount (\$) of DWSRF projects that have completed construction (non-tribal)	\$ .010 B	\$ .013 B	\$ .028 B	\$1.796 B
Number of States that have awarded all of their 20% green project DWSRF reserve	8	30	51	51
ARRA amount (\$) of DWSRF projects that have started construction (tribal)	\$9.2 M	\$19.5 M	\$26.8 M	\$30 M
ARRA amount (\$) of DWSRF projects that have completed construction (tribal)	\$ .54 M	\$ .62 M	\$ 2.94 M	\$30 M
Number of ARRA projects for which Tribes have signed a Memorandum of Agreement with IHS for the project (tribal)	58	59	63	63



Since these measures are ARRA-specific, they will directly show performance against the ARRA funds, tracking states' ability to identify and finance "green" projects totaling 20 percent of the ARRA funds as well as recipient performance in project initiation and completion.

In order to ensure that the fiscal integrity of the program remains strong, that overall program funds are used to finance projects quickly, and that the use of the funds remains efficient, the program will continue to track programmatic output measures, which include:

1. Fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) for the Drinking Water State Revolving Fund (DWSRF)
2. Number of Drinking Water State Revolving Fund (DWSRF) projects that have initiated operations (cumulative).

ARRA implementation could have an effect on the DWSRF program's broader performance measure for fund utilization. The massive influx of stimulus funds is anticipated to have a negative effect on fund utilization rate in FY09 and FY10, as the program deals with an unprecedented level of new funding while managing an ever increasing volume of repayments from prior year loans. Our goal would be to achieve current fund utilization level of 89 percent in FY11 and then continue our path of progress.

The types and scope of projects being funded with ARRA funds is also expected to cause shifts in the efficiency metric (number 2 above). Despite the increase in funds from ARRA, the efficiency measure, which is based on projects rather than population served, may not grow proportionally, due to ARRA's terms which may be more attractive to larger systems with higher cost projects and also because ARRA funds could be used for very large projects that have historically been too expensive for the DWSRF to fund.

#### **h) Monitoring and Evaluation**

Monitoring and evaluation begins from the very start of the process, with review by EPA's Regional Offices of the grant applications (including the States' Intended Use Plans) adherence to requirements. EPA has developed an application review checklist to be used by Regional Offices to ensure adherence to the new ARRA requirements as well as a project site review checklist recommended for State use. Upon grant award, grant conditions specify the terms and conditions necessary to comply with the underlying statute, the ARRA, regulations, and executive orders. This includes requirements for access to sites and information for compliance auditing purposes as well as reporting requirements specific to the grant.

For the Drinking Water State Revolving Funds, Section 1452 of the SDWA created an annual cycle of accountability in the DWSRF program. States are required, for the life of the DWSRF program, to submit a biennial report to EPA that communicates performance over the past two years. In addition, for ARRA, EPA conducts two annual reviews of each state's program, compliance with grant conditions, and overall operation of the program. Part of that review is transaction testing required to ensure that erroneous payments are not occurring. EPA will conduct transaction testing for ARRA funds for twice the sample size of that performed on the

rest of the DWSRF program. EPA modified its annual review checklist to ensure compatibility with ARRA requirements.

Section 1452(g)(4) also requires states to annually conduct a financial audit of the DWSRF fund accounts, through the Single Audit Act and for most states, through an independent program audit. These audits test a state's financial management system in place and can also provide reports on the internal controls and compliance of each DWSRF program.

In addition, to ensure fiscal accountability, states require local recipients who expend \$500,000 or more of federal funds to submit their federally required "single audit" of their federally funded programs.

This process has been in place since the initiation of the DWSRF program (1997) and states and EPA are adept at conducting the monitoring, reporting, and evaluation process. Each element of this process will apply to the ARRA funding provided through the DWSRF program.

In addition to the annual review process, EPA will collect real-time information on project progress and performance. As a term and condition for each DWSRF capitalization grant, states will be required to report on project progress toward meeting the program goals and requirements established by ARRA. EPA will collect data on resource utilization and project performance through established Agency reporting systems and will post these data at least quarterly on EPA's Recovery Act web area. For instance, EPA is requiring states to report data that will enable the Agency to monitor the percent of completion on an individual project basis.

For direct grants, post-award monitoring plans are established at the time of grant award. Routine monitoring of compliance with the grant conditions, including independent assessment that expenditures reflect work milestones completed, is part of that post-award monitoring. Site visits by EPA, a contractor, or the Corps of Engineers to review project progress, reporting, and accounting are included for direct grants involving construction.

#### **i) Transparency**

Under the ARRA, tracking begins at the direct recipient level, with information on grant applications received and grants awarded (including \$ amount obligated). Once expenditures against those grant awards commence, that data will also be reported at a grant level. This information is being made public in the Weekly Recovery Act Reports through March 1<sup>st</sup>, 2010, which are available on [www.epa.gov/recovery](http://www.epa.gov/recovery).

Under the ARRA, tracking will also be done at the project and sub-recipient levels.

For projects in the 50 states and Puerto Rico, EPA will be tracking projects and sub-recipient information in a database.<sup>1</sup> EPA will make all project and sub-recipient information captured publicly available. Information known at the time of grant award or assistance agreement (sub-recipient) award will be entered in real time and posted on a monthly basis. Updates on

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<sup>1</sup> Washington, DC and the other territories are a direct loan program that operates differently from the SRF programs in the 50 states and Puerto Rico.

construction starts will be entered in real time and posted monthly. Updates on construction progress will be made and posted quarterly.

For projects on tribal lands, IHS will be tracking projects in their project data system (PDS) and making ARRA reporting data publicly available.

Program performance measures that are not ARRA-specific will continue to be reported and made publicly available annually with EPA's Performance and Accountability Report.

**j) Accountability**

The DWSRF program will ensure that the expenditure and monitoring of Recovery Act funds are transparent and that appropriate, qualified staff oversee Recovery Act resources.

Regional managers review and approve grant awards, using the evaluation checklists that have been developed under the ARRA. Under the annual cycle of accountability in the DWSRF program, findings from annual reviews and site visits by Regional staff are reported to Regional management and corrective actions taken. EPA Headquarters conducts an annual review of Regional oversight. Findings are reported to management, issues elevated quickly to senior leaders, and corrective actions taken. State independent financial audits are reviewed at the Regional and Headquarters level. Questionable findings are investigated. Any issues arising from those investigations are escalated quickly to senior leadership and corrective actions are taken.

In compliance with the Federal Managers' Financial Integrity Act (FMFIA) EPA's ongoing management integrity program requires us to develop a multiyear program review strategy, conduct systematic and rigorous assessments of internal controls over our programmatic and financial operations, and report on the effectiveness of those controls in our annual letter of assurance to the Administrator. For FY 2009, we addressed the integrity of Recovery Act programs by including an additional assurance statement regarding ARRA funds and activities as part of our annual assurance letter to the Administrator.

In addition to our internal reviews, we will rely on audit findings and program evaluation results to inform our assessment and strengthen program accountability.

The oversight process in place for ARRA funding ensures that managers and staff will be held accountable for performance. Senior managers' performance standards include specific performance measures related to the DWSRF program, and staff's performance standards contain measures reflecting their role and responsibilities in achieving progress. (During midyear performance reviews, these performance standards and measures are being modified to address Recovery Act-specific goals.)

**k) Barriers to Effective Implementation**

Previously, a primary concern for the program was interpretation and implementation of the Buy American provisions of ARRA because the program had not been covered by such a provision before. However, the Buy American provision did not prevent us from meeting the February 17, 2010 deadline to have all the funds under contract. While we anticipated that the majority of waiver requests would come in before this date, there are still some requests which are being submitted and late requests which are being addressed. There may be a small contingency of projects which are delayed due to the BA waiver process, but the majority of projects should not be at risk for delay because of these provisions.

**l) Federal Infrastructure Investments**

While the DWSRF program does not invest in federal buildings or infrastructure, the DWSRF program is implementing the ARRA to ensure that funds are expended effectively to comply with the intent of the Act to focus on energy efficiency and green building technology. As specified in the ARRA, to the extent there are sufficient eligible project applications not less than 20 percent of the capitalization grant received by states will be used for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative technologies. States must certify and EPA must accept the state certification that they did not receive sufficient eligible project applications for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative technologies. EPA has provided guidance to the states on implementation of the green reserve provisions, and is requiring states with insufficient green projects to make a concerted effort to solicit those projects from a wider array of potential recipients for six months before the state can certify that it has insufficient applications to fully utilize the reserve. EPA has conducted webcasts for states on the implementation of the green reserve provisions, and is planning webcasts for a broader array of constituencies this spring.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PROGRAM PLAN:  
BROWNFIELDS AND LAND REVITALIZATION  
JUNE 1, 2010

Funding Table

<b>EPA Program-Specific Recovery Act Plan</b>				
<b>Brownfields</b>				
<b>Treasury Symbol</b>	<b>Appropriations</b>	<b>Program</b>	<b>Sub-program</b>	<b>Total Appropriation</b>
689/00102	STAG - Recovery Act	INFRASTRUCTURE BROWNFIELDS	Recovery Act: Brownfields Projects	\$96,500,000
689/10108	EPM (M&O) -- Recovery Act	INFRASTRUCTURE BROWNFIELDS	Recovery Act: EPA (Headquarters & Regions)	\$3,500,000
<b>Total</b>				<b>\$100,000,000</b>

Note: \$1,750,000 (one half of the Management and Oversight funds) were not made immediately available for obligation but held in reserve for future years. Thus, the current total of funds available for obligation in EPA's financial system is \$98,250,000.

**b. Objectives**

A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. It is estimated that there are more than 450,000 brownfields in the U.S. Passage of the Small Business Liability Relief and Brownfields Revitalization Act in 2002 expanded EPA's assistance to brownfields-impacted communities by providing new tools for the public and private sectors to promote sustainable brownfields cleanup and reuse. The EPA Brownfields Program has been instrumental in furthering the Agency's land revitalization goals. Specifically, Brownfields funds awarded to communities, states, tribes, and other stakeholders will facilitate the leveraging, creation and retention of jobs, and the leveraging of economic investment, while helping to prevent, assess, safely clean up, and sustainably reuse brownfields.

Under the American Recovery and Reinvestment Act, the EPA will award brownfields assessment, cleanup, new and supplemental Revolving Loan Fund (RLF) and job training cooperative agreements through a competitive process and will provide technical assistance and training to brownfields communities via regional contracts and Interagency Agreements (IA). Cooperative Agreements are a type of grant that indicates the EPA will be substantially involved in the project and will work closely with the recipient. The RLF is a type of cooperative agreement that provides funds for recipients to provide loans and sub-grants to eligible entities to cleanup properties in their communities. A federal IA is a mechanism that allows one federal agency to partner with another federal agency, in this case the U.S. Army Corps of Engineers, to provide technical assistance to communities receiving brownfields funds. For more information on all the Brownfields cooperative agreement programs please visit the Program's description page here: <http://www.epa.gov/brownfields/pilot.htm>.

Brownfields cooperative agreements will support progress toward Goal 4 (Healthy Communities and Ecosystems), Objective 4.2 (Communities), and Sub-objective 4.2.3 (Assess and Clean Up Brownfields) of the 2006-2011 EPA Strategic Plan. EPA and Recovery Act fund recipients will work together to collect information about the expected outputs and outcomes of brownfields cooperative agreements. EPA anticipates assessing additional 500-750 properties, making an additional 500-750 acres ready for reuse, and leveraging an additional \$450,000,000 - \$600,000,000 dollars by 2012.

### c) Activities

Activities to be performed under these cooperative agreements include, but are not limited to, (1) environmental assessment to identify the contaminants at brownfields properties and initiate cleanup planning; (2) direct cleanup of brownfield properties; (3) community involvement activities for property selection, cleanup and reuse planning; (4) training participants in the handling and removal of hazardous substances, including training for jobs in sampling, analysis, and site cleanup.

- Environmental Assessment – EPA will award cooperative agreements and, in some instances, provide funding directly through the Targeted Brownfields Assessment program, for Phase I<sup>1</sup> and Phase II<sup>2</sup> environmental assessments, community involvement activities and cleanup planning.
- Environmental Cleanup – EPA will award cooperative agreements for the cleanup of brownfields properties.
- Revolving Loan Funds for Environmental Cleanup – EPA will award cooperative agreements to capitalize existing, high-performing RLFs to make no-interest or low-interest loans and provide sub-grants to carry out cleanup activities at brownfield properties.
- Job Training – EPA will award cooperative agreements to provide training in the environmental field to unemployed and underemployed residents in communities impacted by brownfields.

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<sup>1</sup> A Phase I environmental assessment is the first step when examining the environmental conditions at a site. A site-visit is performed where the site is evaluated for the likelihood of contamination. No soil samples or laboratory analysis is performed at this stage.

<sup>2</sup> A Phase II environmental assessment is the next step in determining the environmental condition of a site. Soil samples are taken and analyzed to determine the extent and level of contamination.



**d) Characteristics**

Type of Financial Award	Type of Recipient/Beneficiary	Estimated Dollar Amount (in millions)*	Methodology for Award Selection
66.818 (ARC) and 66.815 (job training) - Cooperative Agreements	Federally Recognized Indian Tribal Governments; Private Nonprofit Institution / Organization (Includes...) Public Nonprofit Institution / Organization (Includes...); Local; State; U.S. Territories and Possessions	\$87.1	Projects that are consistent with ARRA goals and that rank high on the statutory criteria outlined in the Brownfields Law will be selected for ARRA funding. (See below for more detail)
Contracts	Profit; Small Business	\$7.4	Projects that are consistent with Recovery Act goals will be selected for ARRA funding. (See below for more detail)
Interagency Agreements	U.S. Army Corps of Engineers - Federal	\$2.0	The Army Corps will provide regional technical assistance, training, and outreach support to requesting brownfields communities to ensure recipients' effective implementation of ARRA funds.
EPA Management & Oversight	In-house	\$3.5	EPA will use ARRA management and oversight set-aside funds to effectively manage and oversee the above brownfield activities.

\*Note: As required by the “Brownfields Law,” 25% of the \$100M shall be used to support petroleum activities. Estimates for assessment, cleanup, and supplemental RLF include the petroleum set-aside.

Recovery Act Assessment, Cleanup and RLF cooperative agreements will be awarded under an existing competition to those applicants that rank highest on Brownfields statutory criteria. The criteria are consistent with the Recovery Act goals; therefore, highly ranked proposals will demonstrate economic need, a commitment to environmental sustainability principles and project readiness. Recovery Act RLF supplemental cooperative agreements will be awarded to existing,

high-performing RLF recipients who can demonstrate imminent loans and sub-grants to clean up properties and a high likelihood of job creation. EPA will directly fund Targeted Brownfields Assessments (TBA) through existing Regional contracts and the National Service-Disabled Veteran Owned Small Business TBA Contract. Only those TBAs that can be started quickly and will likely create or retain jobs will be considered for ARRA funding. Recovery Act Job Training cooperative agreements will be awarded to those applicants that rank highest on the statutory criteria and also demonstrate an ability to place graduates in full-time, long-term, green-collar positions.

**e) Delivery Schedule**

<b>Activity</b>	<b>Projected Date</b>
Recovery Act Job Training Cooperative Agreement Guidelines posted to Grants.Gov, Recovery.Gov and EPA website	March 19, 2009
Recovery Act RLF Funding Request posted in Federal Register	April 10, 2009
Recovery Act Assessment, RLF and Cleanup cooperative agreement recipients announced	May 2009
Other Recovery Act Funding for Regional Support (TBA, US Army Corps of Engineers) sent to Regions	
Recovery Act Job Training cooperative agreement recipients announced	August 4, 2009
Recovery Act Assessment, RLF, Cleanup and Job Training cooperative agreements awarded	September 30, 2009
EPA Monitors Recovery Act cooperative agreement recipients and reports progress, accomplishments	Ongoing FY09 – FY11 ( <i>or longer</i> )
EPA “Sufficient Progress” Review of Recovery Act cooperative agreement recipients	Summer 2010

**f) Environmental Review Compliance**

Community notification and on-going community engagement is a cornerstone of all successful Brownfields projects. The Program currently requires pre-application community notification for all cleanup cooperative agreement applicants. Additionally, all cleanup activities funded with cleanup or RLF cooperative agreements require a site-specific community relations plan that includes providing reasonable notice, opportunity for involvement, response to comments, and administrative records that are available to the public. The Program further requires community involvement activities once properties have been selected for environmental assessment activities. Because the Program already has a robust community involvement process, considered functionally equivalent to the National Environmental Policy Act (NEPA), EPA will continue to use this process for all Recovery Act cooperative agreement recipients.

Brownfields cooperative agreement recipients are required to consult with EPA prior to conducting any on-site activity (such as invasive sampling or cleanup) that may affect historic

properties or threatened or endangered species to ensure that the requirements of Section 106 of the National Historic Preservation Act (NHPA) and Section 7(a)(2) of the Endangered Species Act (ESA) are met.

### g) Measures and Results

The Brownfields Program has used and will continue to use the information collected from cooperative agreement recipients to oversee the activities carried out using brownfields funds, to evaluate program implementation and effectiveness, and to meet the Agency's responsibilities under the Government Performance and Results Act. The information collection activities are intended to: (1) continue to improve the alignment of reporting requirements with programmatic performance measures; and (2) simplify and standardize reporting requirements to reduce uncertainty and burden imposed on cooperative agreement recipients. The Brownfields program will follow established Agency processes for notifying the public of Recovery Act cooperative agreement recipient accomplishments. Recipients of assessment, cleanup, RLF, and job training cooperative agreements will submit Property Profile Form and/or Job Training Reporting Form data electronically using the EPA Assessment, Cleanup, and Redevelopment Exchange System (ACRES). The Program will provide a summary of these reports on a quarterly basis once the recipients begin entering accomplishment data.

American Recovery and Reinvestment Act (ARRA) Performance Measures	Cumulative Quarter 4 FY09	Cumulative Quarter 1 FY10	Cumulative Quarter 2 FY10	Long-term Target
Number of Brownfield assessments initiated	0	27	113	500
Number of Brownfield assessments completed	0	6	67	500
Number of Brownfield cleanups initiated	0	1	6	30
Number of Brownfields properties assessed	0	6	49	500
Number of Brownfield properties cleaned up	0	1	2	30
Acres of Brownfields property made ready for reuse	0	17	19.9	500
Billions of dollars of cleanup and redevelopment funds leveraged at Brownfields properties	0	\$.025	\$.033	\$.45
Number of RLF (Revolving Loan Fund) loans or subgrants issued	0	0	2	45
Percentage of participants trained obtaining employment	N/A*	N/A*	N/A*	65%
Jobs leveraged from Brownfields activities	0	25	38	2,500

\* Participants have not graduated from classes as of March 31, 2010.

#### Definitions for ARRA Performance Measures:

- **Number of brownfield assessments initiated** – Number of environmental assessments (phase I, phase II and/or supplemental assessment) that have been initiated using ARRA funds, as reported by cooperative agreement recipients.
- **Number of brownfield assessments completed** – Number of environmental assessments (phase I, phase II and/or supplemental assessment) that have been completed using ARRA funds, as reported by cooperative agreement recipients.

- **Number of brownfield properties assessed** -- Number of properties that have been environmentally assessed for the first time using EPA Brownfields funding, as reported by cooperative agreement recipients.
- **Number of Brownfield properties cleaned up** – Number of properties that have been cleaned up to a regulatory risk based standard using EPA Brownfields funding, as reported by cooperative agreement recipients. This typically occurs when one of the following conditions applies:
  1. A *clean or no further action* letter (or its equivalent) has been issued by the state or tribe under its voluntary response program (or its equivalent) for cleanup activities at the property; or
  2. The recipient or property owner, upon the recommendation of an environmental professional, has determined and documented that on-property work is finished. Ongoing operation and maintenance activities or monitoring may continue after a cleanup completion designation has been made.
- **Jobs Leveraged** - Number of cleanup and redevelopment jobs leveraged by assessment or cleanup activities conducted with EPA Brownfields funding, as reported by cooperative agreement recipients at a specific property. These are actual numbers reported by recipients that are based on jobs resulting from environmental work at the site or the redevelopment of the site
- **.Billions of dollars of cleanup and redevelopment funds leveraged at Brownfield properties** - Number of additional dollars leveraged by assessment or cleanup activities conducted with EPA Brownfields funding, as reported by cooperative agreement recipients at a specific property.
- **Acres Made Ready for Reuse** – Acres associated with properties benefiting from EPA Brownfields funding that have been assessed and determined not to require cleanup, or where cleanup has been completed and institutional controls are in place if required, as reported by cooperative agreement recipients.
- **Number of RLF (Revolving Loan Fund) loans or subgrants issued** - Number of loans issued or sub-grants awarded using ARRA funding.
- **Percentage of participants trained obtaining employment** – Percent of trainees that completed the training and have obtained employment of any kind. Self-employed graduates should be included in this count

*The term leveraged refers to those non-EPA brownfields funds and activities that have some link or nexus to the efforts of an EPA brownfield-funded activity, or where the EPA brownfields-funded activity was a catalyst for the leveraged accomplishments.*

The Program will establish new measures to demonstrate interim recipient progress for the performance measures described above. For assessment, cleanup and RLF cooperative agreement recipients the interim measures include: number of assessments initiated, number of

cleanups initiated, number of RLF loans or sub-grants issued, and number of assessments completed using Recovery Act funds. For Job Training cooperative agreement recipients the measure to demonstrate progress is 60-65% participants trained will obtain employment. The Brownfields Program expects an increase in the number of properties assessed, properties cleaned up, acres ready for reuse, jobs leveraged, and dollars leveraged during the performance period of the Recovery Act cooperative agreements. The Program proposes that 500-750 properties will be assessed, 30-50 properties will be cleaned up, 500-750 acres will be made ready for reuse, and approximately \$450,000,000 - \$600,000,000 dollars will be leveraged from properties benefiting from ARRA funding. The Program anticipates that these accomplishments will be met in 2012, once all cooperative agreement periods of performance end.

As soon as cooperative agreement recipients begin reporting accomplishment data based on the performance measures above, EPA will make these reports available to the public on a quarterly basis.

#### **h) Monitoring/Evaluation**

Each cooperative agreement is assigned an EPA regional Project Officer (PO) who has the responsibility to oversee every aspect of the recipient's work. All EPA POs must meet Agency requirements to serve as a PO and must undergo significant training, with refresher courses every three years. The PO will continually monitor progress and identify any schedule slippage via general interaction with the recipient and the Quarterly Report each recipient is required to submit. The Quarterly Report, a Term and Condition for each cooperative agreement, will provide detailed information to EPA on the reporting requirements identified in Sec.1512 of the Recovery Act. In addition to these quarterly updates, EPA will administer a Recovery Act cooperative agreement review to ensure the recipient is making "sufficient progress" beginning in June of 2010, one year after date of award.

EPA has defined sufficient progress for assessment, cleanup, RLF and Job Training cooperative agreements to be reasonable expectations of the progress a typical recipient would make in one year. These reasonable expectations are documented directly in the Terms and Conditions of each cooperative agreement.

- Assessment cooperative agreements- the recipient demonstrates "sufficient progress" when 35% of funds have been drawn down and obligated to eligible activities; for assessment coalitions "sufficient progress" is demonstrated when a solicitation for services has been released, properties are prioritized or an inventory has been initiated if necessary, community involvement activities have been initiated and a Memorandum of Agreement is in place within one year.
- Cleanup cooperative agreements - the recipient demonstrates "sufficient progress" when an appropriate remediation plan is in place, or institutional control development, if necessary, has commenced, initial community involvement activities have taken place, relevant state or tribal pre-cleanup requirements are being addressed and a solicitation for remediation services has been issued within one year.
- RLF cooperative agreements- the recipient demonstrates "sufficient progress" when a

loan(s) and/or sub-grant(s) has been made within two years.

- Job Training cooperative agreements- the recipient demonstrates “sufficient progress” when one training class has graduated from the program within one year.

**i). Transparency**

<b>Recipient Level</b>	<b>Amount of Funding</b>	<b>Performance Measures</b>
Assessment cooperative agreement recipients; TBA (EPA-lead assessment) recipients	\$32.1 M	Properties assessed; jobs leveraged; funding leveraged
Cleanup & RLF cooperative agreement recipients	\$55.5 M	Properties cleaned up; jobs leveraged; funding leveraged; acres made ready for reuse
Job Training cooperative agreement recipients	\$6.9 M	Number of participants trained; percentage of participants placed in green jobs

Eligible recipients include local governments, states, tribes and non-profits (cleanup and job training only). The Brownfields Program is positioned to provide transparent information on the performance, progress and accomplishments of brownfields projects funded with Recovery Act funds. The Program tracks specific outputs and outcomes at the recipient level and can provide that information on a quarterly basis once the recipients begin reporting accomplishment data to EPA (as described in section h).

**j) Accountability**

The Brownfields program will ensure that the expenditure and monitoring of Recovery Act funds are transparent and that appropriate, qualified staff oversee Recovery Act resources. Managers will meet regularly to assess implementation progress and expeditiously resolve any issues related to Recovery Act-funded projects.

In compliance with the Federal Managers’ Financial Integrity Act (FMFIA) EPA’s ongoing management integrity program requires us to develop a multiyear program review strategy, conduct systematic and rigorous assessments of internal controls over our programmatic and financial operations, and report on the effectiveness of those controls in our annual letter of assurance to the Administrator. For FY 2009, we will be addressing the integrity of Recovery Act programs and including an additional assurance statement regarding ARRA funds and activities as part of our annual assurance letter to the Administrator.

In addition to our internal reviews, we will rely on audit findings and program evaluation results to inform our assessment and strengthen program accountability. The Brownfields program has one open audit finding from a 2008 Office of Inspector General (OIG) report. The recommendation from the OIG states: "the Assistant Administrator for Solid Waste and Emergency Response should revise model terms and conditions for assessment cooperative agreements to include a definition for the term 'insufficient progress.'" The Brownfields



Program currently has completed draft sufficient progress definitions for the Assessment, RLF and Cleanup cooperative agreements and will incorporate these into final Terms and Conditions (T&Cs) for agreements funded under the Recovery Act. The Brownfields Program plans to finalize the T&Cs by early May, in preparation for the Recovery Act awards in the summer of 2009.

The oversight process in place for ARRA funding ensures that managers and staff will be held accountable for performance. Senior managers' performance standards include specific performance measures related to the Brownfields program, and staff's performance standards contain measures reflecting their role and responsibilities in achieving progress. (During midyear performance reviews, these performance standards and measures are being modified to address Recovery Act-specific goals.)

#### **k) Barriers to Effective Implementation**

The Brownfields program has identified several challenges to effective implementation of the Recovery Act funds that will be addressed to ensure an effective implementation strategy. Our immediate concerns are focused on demonstrating recipient progress since the Program currently only collects data on accomplishments completed with cooperative agreement funds. Under the Recovery Act, the Program will report on interim progress of all recipients through our established reporting system, ACRES. Other reporting consequences of the Recovery Act will be similarly addressed through targeted training to staff and Recovery Act recipients to ensure accurate recipient and subcontract/sub-grant information is shared on the established government timelines.

#### **l) Federal Infrastructure Investments**

The Recovery Act provides funding for site assessment, job training, and cleanup activities that do not generally meet the definition of infrastructure. However, a limited amount of funding awarded to state and local governments may fall into the category of infrastructure where the principal purpose of the activity is to construct a cap to be directly incorporated into a public building or public work as defined in 2 CFR 176.140(a). It may also apply where funds are used to install piping to connect households or businesses to public water systems or replace public water system supply well(s) and associated piping due to groundwater contamination.

EPA does not consider remediation activities conducted with Brownfields supplemental funds by tribes, private sector developers, non-profit organizations (except non-profit organizations that are councils of governments or regional or interstate governmental entities per 40 CFR 31.3 *Local government*) or other non-governmental borrowers or sub-grantees to be infrastructure investments for the purposes of the certification and reporting requirements.

Though the majority of our projects are not considered infrastructure investments, the Brownfields Program will continue to promote green and sustainable redevelopment on brownfield properties. Each Recovery Act cooperative agreement applicant is evaluated against criteria that weigh the "green" contribution of the proposed project. Applicants that demonstrate

their commitment to sustainable practices are ranked more favorably. Each recipient is encouraged to implement sustainable practices such as green cleanup techniques, energy efficiency and reusing construction and demolition materials.

Further, the Brownfields Program will provide opportunities for additional funding and technical support to Recovery Act projects to promote sustainable redevelopment including green design and locating renewable energy facilities, such as wind farms and solar panel installations, on brownfields.

**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PROGRAM PLAN:  
UNDERGROUND STORAGE TANKS PROGRAM  
JUNE 1, 2010**

**a) LUST Recovery Act Funding Table**

<b>EPA Program-Specific Recovery Act Plan Leaking Underground Storage Tanks (LUST)</b>				
<b>Treasury Symbol</b>	<b>Appropriations</b>	<b>Program</b>	<b>Sub-program</b>	<b>Total Appropriation</b>
689/08196	LUST - Recovery Act	LUST COOPERATIVE AGREEMENTS	Recovery Act: LUST Cooperative Agreements (States)	\$190,700,000
		LUST / UST	Recovery Act: LUST/UST (Tribes)	\$6,300,000
689/10108	EPM (M&O) -- Recovery Act	LUST / UST	Recovery Act: EPA (Headquarters & Regions)	\$3,000,000
<b>Total</b>				<b>\$200,000,000</b>

**b) Objectives:**

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides a supplemental appropriation of \$200 million from the Leaking Underground Storage Tank (LUST) Trust Fund to EPA to clean up releases of contamination from federally regulated underground storage tanks (USTs), as authorized by section 9003(h) of the Solid Waste Disposal Act. The overall purposes for the LUST Recovery Act money are to clean up contaminated LUST sites effectively, while maximizing job creation and retention and providing economic and environmental benefits (such as protecting groundwater and cleaning up and reusing contaminated land) to the citizens of the U. S.. These objectives will be achieved by overseeing assessments and cleanups at shovel-ready sites or directly paying for cleanup activities at sites where the responsible party is unknown, unwilling or unable to finance cleanup, or the cleanup is an emergency response.

Because the national UST program is primarily implemented by states and territories, the vast majority of Recovery Act money for this program will go to state and territorial UST programs through cooperative agreements. Additionally, EPA implements the UST program in Indian

country, so money to clean up eligible tank leaks in Indian country will be distributed and managed by EPA’s regional UST programs through existing federal contracts. The state and territorial cooperative agreements and EPA contracts will pay for activities at shovel-ready sites to assess and clean up UST petroleum leaks, as well as staff management and oversight activities that will leverage additional cleanups. The LUST planned activities for states, territories, and Indian country will support progress toward Goal 3: Land Preservation and Restoration, Objective 3.2: Restore Land of the 2006-2011 EPA Strategic Plan.

EPA expects the Recovery Act funded cleanups to increase the number of cleanups traditionally funded through annual LUST appropriations. In addition, the number of jobs created or retained is a measure that will be tracked for Recovery Act money and is dependent upon whether the money is used for oversight or directly for assessments and cleanups. EPA estimates that significant numbers of jobs will be created or retained and 2,000 site assessments initiated, 2,000 site assessments completed, 1,000 cleanups initiated and 1,000 cleanups completed will result, helping to reduce the existing backlog of 100,165 LUST sites that need to be cleaned up (as of end of FY 2009).

**c) Activities:**

Examples of specific LUST eligible cleanup activities include: emergency response and initial site hazard mitigation; site investigations and assessments; cleaning up petroleum contamination releases; monitoring soil and groundwater; equipment needs; enforcement actions and recovery of costs from liable tank owners and operators; state management and oversight costs; and public or community involvement activities.

Many job sectors will benefit from Recovery Act money being spent on cleaning up contaminants in the environment from UST leaks, such as: site investigation and remediation contractors, associated entities that perform laboratory analysis, manufacture equipment, soil excavation and contaminant removal or treatment, waste and treatment or disposal, environmental engineering and technology, and public administration.

**d) Funding Characteristics:**

<b>Type Of Financial Award</b>	<b>Type Of Recipient/Beneficiary</b> <i>(includes both non-federal entities and federal entities, including EPA to be labeled as in-house)</i>	<b>Estimated Dollar Amount</b>	<b>Methodology For Award Selection</b> <i>(brief description, include links to longer description as needed)</i>
Cooperative Agreements	49 states, District of Columbia, and 4 territories (North Dakota and American Samoa declined Recovery Act money)	\$190.7M	See description below
EPA Existing Contracts	Tribes	\$6.3M	See description below
Oversight Costs	In-house (EPA headquarters and regions)	\$3.0M	See description below

EPA is using the existing LUST Trust Fund allocation process to distribute \$190.7 million to EPA's ten regions. The regions will then enter into cooperative agreements with states and territories, providing money to address shovel-ready sites within their jurisdictions. For cleanups in Indian country, EPA headquarters consulted with EPA regions and determined that \$6.3 million worth of LUST eligible work (such as site assessment and cleanup activities) is shovel-ready, can be appropriately managed, and can use EPA's existing contracts' capacity. The Recovery Act provides up to 1.5 percent of the \$200 million (or \$3 million) in LUST Recovery Act money to be retained by EPA for federal management and oversight purposes. EPA headquarters offices and EPA regions will share the \$3 million. It can be used to pay for salary, and extramural purposes such as managing, overseeing and reporting on the expeditious and appropriate spending of the remaining money by states, territories, and EPA contractors.

EPA's long-standing LUST Trust Fund allocation process includes a formula that derives state and territorial specific allocations based on a number of factors. The formula includes a base funded amount for each state and territory. Additional money is determined based on a state or territorial program's approval status; state's or territory's past performance; number of sites to be addressed; and state's or territory's population relying on groundwater for drinking water. An overview of the LUST Trust Fund allocation process is attached.

In summary, the \$200 million of Recovery Act money for LUST cleanup activities is allocated accordingly: \$190.7 million for cooperative agreements with states and territories; \$6.3 million for cleanups in Indian country; and \$3 million for federal management and oversight. North Dakota and American Samoa declined the LUST Recovery Act money, and were not included in the allocation formula. The state/territory specific allocation amounts are listed below.

**State/Territory Specific Allocation Amounts Listed Alphabetically**

State / Territory	Recovery Act Funding Level	State / Territory	Recovery Act Funding Level
Alabama	\$4,086,000	Missouri	\$3,254,000
Alaska	\$999,000	Montana	\$1,301,000
American Samoa	\$0	Nebraska	\$2,270,000
Arizona	\$3,219,000	Nevada	\$1,266,000
Arkansas	\$1,672,000	New Hampshire	\$1,286,000
California	\$15,577,000	New Jersey	\$4,819,000
Colorado	\$2,540,000	New Mexico	\$1,590,000
Commonwealth of Northern Mariana Islands	\$57,000	New York	\$9,212,000
Connecticut	\$2,000,000	North Carolina	\$7,554,000
Delaware	\$1,232,000	North Dakota	\$0
District of Columbia	\$607,000	Ohio	\$8,080,000
Florida	\$11,276,000	Oklahoma	\$2,336,000

Georgia	\$4,970,000	Oregon	\$2,694,000
Guam	\$138,000	Pennsylvania	\$6,163,000
Hawaii	\$1,317,000	Puerto Rico	\$1,030,000
Idaho	\$1,284,000	Rhode Island	\$977,000
Illinois	\$7,402,000	South Carolina	\$3,324,000
Indiana	\$4,039,000	South Dakota	\$1,249,000
Iowa	\$2,643,000	Tennessee	\$4,681,000
Kansas	\$2,153,000	Texas	\$10,779,000
Kentucky	\$4,104,000	Utah	\$1,929,000
Louisiana	\$2,680,000	Vermont	\$1,015,000
Maine	\$1,436,000	Virgin Islands	\$80,000
Maryland	\$3,712,000	Virginia	\$4,647,000
Massachusetts	\$3,118,000	Washington	\$3,427,000
Michigan	\$7,183,000	West Virginia	\$1,643,000
Minnesota	\$4,256,000	Wisconsin	\$6,381,000
Mississippi	\$3,084,000	Wyoming	\$929,000

**e) Delivery Schedule:**

Activity	Projected Date
Recovery Act LUST cooperative agreements awarded to 49 states, District of Columbia, and 4 territories.	Completed
Contract work assignments in place for initial activities in Indian country.	
Contract work assignments in place for follow-up activities in Indian country. Timing for follow-up work will depend upon the results from initial site assessments and cleanup activities.	September 30, 2010
Monitor cooperative agreement recipients and Indian country contractors; report progress.	On-going FY09 – FY11 (or longer)
Progress review to ensure at least 35 percent of money is obligated and at least 15 percent of money is spent within 9 month of award.	Progress review ongoing
Sufficient progress review of Recovery Act recipients to determine if money will be fully obligated by September 30, 2010.	Spring/Summer 2010
EPA re-allocates unobligated money, if necessary	September 30, 2010



**f) Environmental Review:**

The LUST program contains features that are functionally equivalent to the provisions of the National Environmental Policy Act (NEPA) and no additional compliance measures are necessary. When corrective actions implicate the National Historic Preservation Act (NHPA), EPA and states currently do and will continue to take appropriate action to ensure compliance. Currently, the Agency is not subject to any pending litigation or judicial orders requiring compliance with NEPA, NHPA, or related statutes.

**g) Performance Measures:**

EPA has used and will continue to use the information collected from recipients through established reporting mechanisms to oversee activities carried out using LUST money; to evaluate program implementation and effectiveness; and to meet the Agency's responsibilities under the Government Performance and Results Act (GPRA). EPA will measure performance in order to better reflect the impact of the Recovery Act money on accomplishments by using existing performance measures; a few new performance measures; and quarterly reporting.

States and territories must report the following program performance measures to EPA regions within 10 days of the end of each calendar quarter:

## Site Assessments Initiated:

- Direct Site Assessments Initiated
- Indirect Site Assessments Initiated

## Site Assessments Completed:

- Direct Site Assessments Completed
- Indirect Site Assessments Completed

## Cleanups Initiated:

- Direct Cleanups Initiated
- Indirect Cleanups Initiated

## Cleanups Completed:

- Direct Cleanups Completed
- Indirect Cleanups Completed

**Definitions For Program Performance Measures**

- **Direct** – means a state or territory funded the site work (e.g., drilling, lab work, corrective action plan development) with LUST Recovery Act money, regardless of the funding source for the oversight. Typically, states have contractors perform such work, although some states may conduct these activities with their own staff/equipment.

**Note:** To avoid double counting, any activity (e.g., site assessment) counted as “Direct” work should not be counted as “Indirect” work.

- **Indirect** – means a state or territory used LUST Recovery Act money to pay for the oversight of the site work, but the site work itself was **not** funded with LUST Recovery Act funds. Oversight activities might include enforcement actions to compel the tank owner to perform work or the review of corrective action reports. **Note:** To avoid double counting, any activity (e.g., site assessment) counted as “Indirect” work should not be counted as “Direct” work.
- **Site Assessments Initiated / Completed** – the initiation and then the completion of a determination of the extent and location of soil and groundwater contaminated by a release from a federally regulated petroleum UST, as required by state site assessment rules and/or guidelines. **Note:** If multiple tiers of site assessment are needed/performed at a given site, a state should only report the assessment once the final tier is completed, and may only count that as one site assessment.
- **Cleanups Initiated** – generally indicates that physical activity (for example: pumping, soil removal, recovery well installation) has begun at the site. For complete definition see <http://www.epa.gov/OUST/cat/pm032603.pdf>
- **Cleanups Completed** – confirmed releases where cleanup has been initiated and where a state or territory has determined that no further actions are currently necessary to protect human health and the environment. This measure is currently used as an existing GPRA measure. For complete definition see <http://www.epa.gov/OUST/cat/pm032603.pdf>

For some sites, states will likely use multiple funding sources. If any amount of money spent on a site assessment or cleanup is from Recovery Act money, then the state will report that site assessment or cleanup as an accomplishment under their Recovery Act measures. For example, a state may have used non-Recovery Act money to initiate a cleanup and use Recovery Act money to complete the cleanup. In that case, the completed cleanup would be considered an accomplishment under the Recovery Act.

For cleanup activities in Indian country, contractors will be required to report quarterly on the numbers of direct site assessments initiated, site assessments completed, cleanups initiated, and cleanups completed.

States and territories will require the data necessary for reporting these measures from any contractors or subcontractors who perform assessments and cleanups. EPA has been collecting most of this data for years and, therefore, will follow established processes to gain confidence and assess the quality of the submitted accomplishments. In addition, the number of jobs created or retained is a measure that will be tracked; EPA estimates that significant numbers of jobs and 2,000 site assessments initiated, 2,000 site assessments completed, 1,000 cleanups initiated and 1,000 cleanups completed will result. The Agency will provide quarterly updates on interim progress and accomplishments on EPA’s website.

**Expected Outcomes**

Of the above performance measures, EPA historically collects data on cleanups initiated and completed. The performance measures for site assessments initiated and completed are new measures. State and regional program implementers supported including these new measures to demonstrate near-term, incremental progress.

EPA expects the following outcomes as a result of expending the LUST Recovery Act money: 2,000 site assessments initiated; 2,000 site assessments completed; 1,000 cleanups initiated and 1,000 cleanups completed

Below are the cumulative program accomplishments as of March 31, 2010:

American Recovery and Reinvestment Act Performance Measures	Cumulative Quarter 4 FY09	Cumulative Quarter 1 FY10	Cumulative Quarter 2 FY10	Long-term Target
Number of site assessments initiated	180	323	633	2,000
Number of site assessments completed	34	112	220	2,000
Number of site cleanups initiated	57	166	404	1,000
Number of site cleanups completed	9	46	146	1,000

**h) Monitoring/Evaluation:**

EPA consulted with each state and territorial cooperative agreement recipient prior to awarding funds. This consultation explored state and territorial plans to comply with underlying program requirements (i.e., Energy Policy Act provisions) and Recovery Act assessment, cleanup, and reporting requirements. EPA is evaluating Recovery Act resource utilization on a monthly basis and performance progress on a quarterly basis. EPA Regional Project Managers and their staff are responsible for overseeing state and territorial cooperative agreements and work assignments for contract work in Indian country. EPA regions will continually monitor progress -- through communications with the cooperative agreement recipients and contractors -- to assess appropriate uses of Recovery Act money and identify delays in obligations and expenditures.

EPA will review the quarterly report each cooperative agreement recipient and contractor submits as a way to identify delays. The quarterly report, a term and condition for each cooperative agreement and a provision in each contract work assignment, will provide EPA with detailed information on the reporting requirements identified in section 1512 of the Recovery Act. EPA will also monitor progress of obligating and spending the Recovery Act money through regularly scheduled conference calls with EPA's regional UST programs and the UST Task Force Chairs of the Association of State and Territorial Solid Waste Management Officials (ASTSWMO).

In addition to these quarterly reports, EPA will conduct a review in spring/summer 2010 to ensure recipients are making sufficient progress. The review will ensure recipients have obligated money for contracts, subgrants, or similar transactions for at least 35 percent of

money and expended at least 15 percent of money within nine months of the award. Money deemed to be at risk of not being spent in a timely matter may be de-obligated and then re-obligated to another state. The sufficient progress review will be conducted to allow enough time to re-obligate any money (if necessary) by the statutory deadline of September 30, 2010, to ensure the rapid utilization of Recovery Act money and associated performance measures for assessments and cleanups.

**i) Transparency**

EPA will provide information on the investments, performance, and accomplishments of LUST activities financed by Recovery Act money. EPA will track specific outputs and outcomes as described in Section (h) above and provide information obtained through recipient quarterly reporting. The table below will, in the future, be expanded to include information from the quarterly reports organized by each of the 49 states, District of Columbia and 4 territories: number of site assessments initiated (direct and indirect), site assessments completed (direct and indirect), cleanups initiated (direct and indirect), and cleanups completed (direct and indirect). Information on state grant amount, state expenditures, and jobs created or retained can be found at [www.recovery.gov](http://www.recovery.gov).

For cleanups in Indian country, the information will be organized to include: number of site assessments initiated (direct), site assessments completed (direct), cleanups initiated (direct), and cleanups completed (direct). Information on contract award amount, expenditures, and jobs created or retained can be found at [www.recovery.gov](http://www.recovery.gov).

Recipient Level	Amount Of Funding	Performance Measure
49 states, District of Columbia, and 4 territories (excluding North Dakota and American Samoa)	\$190.7 M	Site assessments initiated (direct and indirect) Site assessments completed (direct and indirect) Cleanups initiated (direct and indirect) Cleanups completed (direct and indirect)
Tribes – EPA contractor for cleanup activities in Indian country	\$6.3 M	Site assessments initiated (direct) Site assessments completed (direct) Cleanups initiated (direct) Cleanups completed (direct)

**j) Accountability:**

EPA will ensure that the expenditure and monitoring of Recovery Act funds are transparent and that appropriate, qualified staff oversee Recovery Act resources.

In compliance with the Federal Managers' Financial Integrity Act (FMFIA), EPA's ongoing management integrity program requires us to develop a multiyear program review strategy, conduct systematic and rigorous assessments of internal controls over programmatic and financial operations, and report on the effectiveness of those controls in the annual letter of assurance to the Administrator. For FY 2010, we will be addressing the integrity of Recovery Act programs and including an additional assurance statement regarding ARRA funds and activities as part of our annual assurance letter to the Administrator.

In addition to internal reviews, EPA will rely on audit findings and program evaluation results to inform assessment and strengthen program accountability.

The oversight process in place for Recovery Act funding ensures that managers and staff will be held accountable for performance. Senior managers' performance standards include specific performance measures related to the UST program, and staff's performance standards contain measures reflecting their role and responsibilities in achieving progress. During midyear performance reviews, these performance standards and measures were modified to address Recovery Act-specific goals.

#### **k) Barriers to Effective Implementation:**

The LUST program is a highly delegated program that addresses thousands of contaminated sites across the country. States and territories are the primary implementing agencies for the program, and some states and territories have further delegated the program either to regional offices or sub-agencies. Because of this structure, EPA has identified timely and streamlined reporting as an implementation challenge. In addition, EPA, its regions, and the states must provide consistent oversight across this large number of sites to ensure that program goals are achieved.

#### **l) Federal Infrastructure Investments:**

For the LUST program, the Recovery Act provides money for cleanup activities that do not generally meet the definition of infrastructure. EPA has determined that the term infrastructure refers to the substructure or underlying foundation or network used for providing goods and services, especially the basic installations and facilities on which the continuance and growth of a community, state, etc., depend. Examples include roads, water systems, communications facilities, sewers, sidewalks, cable, wiring, schools, power plants, and transportation and communication systems. However, a limited amount funding under the LUST program is occasionally used to install piping to connect households and businesses to public water systems or replace public water system supply well(s) and associated piping due to groundwater contamination. These connection/replacement activities fall into the category of an infrastructure investment.

Though the majority of LUST projects are not considered infrastructure investments, the UST Program worked with the Office of Solid Waste and Emergency Response (OSWER) on a program-wide effort to define green cleanup standards, promote and implement green

remediation technologies and re-use. EPA's Recovery Act website (<http://www.epa.gov/recovery/resources.html>) and OSWER's "Green Remediation" website (<http://www.clu-in.org/greenremediation/index.cfm>) both contain resources (tools and best practices) that can help entities incorporate sustainable practices into their activities. The UST Program will continue to promote green remediation and sustainable redevelopment through information sharing and technology transfer with the regions and recipients of LUST Recovery Act money.



## Attachment to OUST Recovery Act Plan

### Allocation of Recovery Act Funds Under LUST Trust Fund Formula Block Grants April, 2009

This document provides details on the allocation of Leaking Underground Storage Tank (LUST) Trust Fund formula block grants for funds appropriated under the American Recovery and Reinvestment Act of 2009 (Recovery Act). Under the Recovery Act, the LUST Trust Fund Program was appropriated \$200 million for cleanup activities authorized under section 9003(h) of the Solid Waste Disposal Act. The Act provided for up to 1.5 percent of these funds to be retained by the Administrator for management and oversight purposes.

The Office of Underground Storage Tanks (OUST) is using its existing LUST Trust Fund allocation process to distribute monies to the Agency's ten EPA regions, who in turn will enter into cooperative agreements with their states and territories to grant them specific monies. OUST subtracts funds retained for management and oversight and funds retained for cleanups in Indian country to arrive at the dollar amount distributed to states and territories. These calculations are described below:

#### Funds Retained for Management and Oversight (M & O)

The Agency will retain 1.5 percent of the total appropriate amount (\$3 million) for Federal management and oversight of activities pursued under the Recovery Act. This funding is shared by EPA headquarters offices and EPA regions and provides money for travel, salary and extramural purposes.

#### Funds Retained for Cleanups in Indian Country

OUST requested that each region determine the number and associated cost of LUST eligible sites in Indian country that were "shovel-ready," such that they could get work moving expeditiously if funds were available. The regions submitted proposed projects and total estimated costs. OUST reviewed these regional submittals and through discussions with the regions identified those projects ready to invest Recovery Act funds.

To insure the rapid use of these funds, OUST decided to direct such funding to existing contracts and therefore the Office needed to evaluate existing contractor capacity to accommodate such work. OUST looked across the Office, the Agency and the regions to identify those contracts whose scope could accommodate assessment and cleanup work in Indian country. Consideration was also given to the ability of regional staff to oversee and manage identified projects.

Based on this evaluation, OUST concluded there was \$6.3 million worth of "shovel-ready" LUST eligible field work that could use existing contract capacity to begin this work.

### Deriving State-Specific Formula Block Grant Amounts

As a result of these calculations, OUST identified \$190.7 million dollars to be distributed to states and territories to pursue LUST assessments and cleanups:

\$190.7 million = \$200 million - \$3 million for M & O - \$6.3 million for cleanups in Indian country

Through discussions with the states and territories, one state (North Dakota) and one territory (American Samoa) decided not to accept Recovery Act funding for LUST cleanups. EPA worked with these jurisdictions to examine such opportunities, and the state and territory ultimately made the decision that they could not use such funds. OUST received official documentation from both North Dakota and American Samoa to confirm their decisions.

### Ensuring Transparency with Respect to Regional Discretion

As discussed below in Overview of the LUST Trust Fund Allocation Process, regions exert a certain amount of discretion in awarding these formula amounts to specific states in their regions. Each region uses its discretion to award each state an allocation based on the formula amounts, the region's knowledge of the state programs and their unique circumstances.

To ensure the transparency of state specific awards made under the Recovery Act, OUST is providing guidance to regions to document and consult with headquarters on awards made to states whose amounts deviate from these formula amounts. As discussed previously, OUST has removed North Dakota and American Samoa from the initial calculation because of their documented desire not to receive these funds. Other states may find themselves unable or unwilling to accept the entire amount calculated by this allocation formula. It is then appropriate for regions to direct these funds to states that have greater need. Documentation will maintain the overall transparency associated with the distribution of these funds. Consultation with OUST will provide a national perspective of need and ability to use these funds. Resulting awards and the basis used to derive their funding levels will be included in Recovery Act reports and posted on the Agency's Recovery Act website.

### Allocation Results

The allocation formula used to describe state-specific formula block grant amounts is described below and was run using the \$190.7 million funding level with intended distribution to 49 states, District of Columbia, and 4 territories (all but North Dakota and American Samoa). Results from these calculations are presented on the Agency's Recovery Act website at <http://www.epa.gov/swerust1/eparecovery/index.htm>.

### Overview of the LUST Trust Fund Allocation Process

There are four basic components that make up the LUST Trust Fund Allocation formula, several of which have sub-components. This summary discusses each of these basic components and describes how each fits into the overall allocation formula.

#### 1) Base Allocation

All states and territories receive a base allocation. This is the “democratic” component of the formula, which ensures that every state and territory will receive some base amount of LUST Trust Fund money each year. The base allocation is \$300,000 per state. Several years ago, to encourage more states to achieve State Program Approval (SPA), the base allocation was increased to \$350,000 per state for states with SPA. The base allocation remains \$300,000 per State without SPA. Territories receive \$40,000 each.

#### 2) State Program Approval (SPA) Pool

The second component of the allocation formula calculated is the “SPA pool.” In order to encourage states seeking SPA to go through the formal application process, EPA decided to reward states who have made incremental steps towards SPA. Thus, states completing a draft application and/or final application within a given year receive a one-time bonus of \$50,000. States can therefore gain up to an additional \$100,000 over the course of SPA application development and submittal (either in a single year or split between two years). This set-aside amount needs to be calculated each year, based on the state activity to pursue program approval. No state received any money from the SPA pool for their Recovery Act allocation.

#### 3) Bonus Pool

The third component of the allocation formula is the “bonus pool.” Through the bonus pool, states that are either initiating or completing a higher percentage of cleanups than the national average are eligible for an equal share of a pool of money set aside for rewarding better-than-average performance in these two areas. The total bonus pool amount is currently \$4 million. Currently, the number of cleanups completed is weighted at 2, while cleanups initiated are weighted at 1. That is, of the \$4 million total bonus pool, \$2.67 million will be allocated to those states that exceed the national average for cleanups completed, while \$1.33 million will be allocated to states that exceed the national average for cleanups initiated. The amount any particular state may receive is entirely dependent on how many states exceed the national averages. Thus, if only one state exceeded the national average for cleanups initiated, it would get the entire \$1.33 million, whereas if ten states exceeded the average, they would each receive \$133,000. Territories that meet or exceed the thresholds each get 10 percent of the bonus pool amount that is allocated to an eligible state. States and territories may be eligible for both components of the bonus pool, one of the components, or neither, based on how well their program performed relative to the national averages.

#### 4) Need Allocation

After the base allocation, SPA pool and bonus pool amounts are calculated, any amount of money still remaining from the total allocation is run through a set of calculations designed to allocate funding based on each state’s need. The three factors considered in calculating the need-based component are (1) the number of cumulative confirmed releases (weight of 2); (2) the total number of existing registered petroleum UST systems (weight of 1); and (3) the state’s

percentage of the national population using groundwater for drinking water (weight of 1). These numbers, calculated as a percentage of the national total for each factor attributable to each state, are used to calculate a weighted average percentage. Each state then receives that percentage of the need-based allocation. (All data are updated annually to reflect the most current conditions nationwide).

For instance, if a state had 1 percent of the nationwide confirmed releases, 2 percent of the nationwide notified petroleum tanks, and 2 percent of the nationwide population using groundwater for drinking water, its weighted average percentage would be:

$$((1\% \times \text{weight of 2}) + (2\%) + (2\%))/4 = 1.5\%$$

If the need-based allocation total was \$10 million, then that state would receive \$150,000 for the need-based factor. That amount would then be added to the based allocation, the SPA pool and the bonus pool from above to yield the state's total allocation.

#### 5) Regional Totals

All of the numbers are initially calculated on a state-by-state basis. As a final step, the allocation process provides each region the sum total of the calculated allocations for their member states and territories. Each region uses its discretion to award each state an allocation based on the formula amounts, the region's knowledge of the state programs and their unique circumstances.

#### Definitions and Sources

Definitions used by the LUST programs for "cleanups completed," "cleanups initiated," and "confirmed releases" can be found at <http://www.epa.gov/OUST/cat/pm032603.pdf> . "The total number of existing registered petroleum UST systems" is calculated by subtracting the "total number of closed petroleum UST systems" from the "total number of petroleum systems," both of which are defined at [http://www.epa.gov/oust/cat/ca\\_08\\_34.pdf](http://www.epa.gov/oust/cat/ca_08_34.pdf) .

The state's percentage of the national population using groundwater for drinking water is calculated from *Factoids: Drinking Water and Ground Water Statistics for 2008* ([http://www.epa.gov/safewater/databases/pdfs/data\\_factoids\\_2008.pdf](http://www.epa.gov/safewater/databases/pdfs/data_factoids_2008.pdf)).

**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PROGRAM PLAN:  
SUPERFUND REMEDIAL PROGRAM**

**JUNE 1, 2010**

**a) Funding table by program, project, and activity categories:**

The Recovery Act provides \$600 million for Superfund remedial activities. In accordance with the provisions of the Recovery Act, up to 3 percent may be retained by the Agency for management and oversight purposes. As such, EPA has allocated \$582 million to remedial cleanup activities at sites and \$18 million to internal EPA activities related to the management, oversight, and reporting of Superfund Recovery Act funds. The Agency anticipates that Recovery Act funds will support cleanup activity at 51 National Priorities List (NPL) Superfund sites in 28 states across the country.

The following outlines the budget structure and coding required for Recovery Act funds:

<b>EPA Program-Specific Recovery Act Plan</b>				
<b>Superfund</b>				
<b>Treasury Symbol</b>	<b>Appropriations</b>	<b>Program</b>	<b>Sub-program</b>	<b>Total Appropriation</b>
689/08195	Superfund - Recovery	SUPERFUND: REMEDIAL	Recovery Act: Superfund Remedial Actions	\$582,000,000
689/10108	EPM (M&O) -- Recovery Act	SUPERFUND: REMEDIAL	Recovery Act: EPA (Headquarters & Regions)	\$18,000,000
<b>Total</b>				<b>\$600,000,000</b>

Note: A portion of Management and Oversight funds were not made immediately available for obligation but held in reserve for future years.

**b) Objectives**

The mission of the Recovery Act is to “jumpstart our economy, create or save millions of jobs, and put a down payment on addressing long-neglected challenges so our country can thrive in the 21st century” (<http://www.recovery.gov/?q=content/our-mission>). In meeting this purpose, the Recovery Act funds for the Superfund remedial program will protect and promote both “green” jobs and a healthier environment by furthering cleanup activities at hazardous

waste sites across the country. These remediation activities directly support the Agency's progress towards implementing Goal 3 (Land Preservation and Restoration), Objective 3.2 (Restore Land) of the *2006-2011 EPA Strategic Plan*.

The overall objectives for the Recovery Act funding for Superfund are to further cleanup at National Priority List<sup>1</sup> (NPL) sites, maximize job creation and retention, and provide environmental and economic benefits. These objectives will be achieved by starting new cleanup projects, accelerating cleanups at projects already underway, increasing the number of workers and activities at cleanup projects, and returning affected sites to more productive use.

The Recovery Act funding will provide immediate short and longer-term health, environmental, and economic benefits at both new start and ongoing Superfund remedial projects. Cleanup activities at Superfund sites receiving Recovery Act funds may also yield significant site-specific, non-environmental economic benefits, including improved site property values and job opportunities. Environmental justice issues will be considered at sites that suffer disproportionate environmental impact to ensure that activities conducted with Recovery Act funds are implemented in a manner that protects environmentally and economically distressed communities.

Superfund sites are often located in the areas hardest hit by unemployment and downturns in the economy. EPA estimates that the Recovery Act funding for the Superfund remedial program will leverage jobs in communities across the country while also increasing demand for construction materials such as steel and concrete. Job sectors that will likely benefit from the Superfund Recovery Act funding include, but are not limited to: cleanup operation and management companies, laboratory sampling and analysis companies, hazardous waste disposal and management companies, construction and monitoring equipment rental companies, water/soil treatment companies, and environmental engineering and management companies.

EPA will report on the progress of the Recovery Act funding for the Superfund remedial program through program performance measures and has established reporting mechanisms to collect the information necessary to ensure accountability and transparency. Work conducted with Recovery Act funds will supplement the current cleanup activity projected to occur using base appropriated program resources.

### **c) Activities**

A variety of cleanup activities will be performed with Recovery Act funding at Superfund sites. Due to the complex nature of Superfund sites, cleanup may take many forms based on site-specific contamination. Superfund remedial activities conducted with Recovery Act funds may include, but are not limited to:

- Soil sampling and analysis

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<sup>1</sup> The NPL is the list of national priorities among the known releases or threatened releases of hazardous substances, pollutants, or contaminants throughout the United States and its territories. The NPL is intended primarily to guide the EPA in determining which sites warrant further investigation



- Water and air quality analyses
- Soil excavation and treatment
- Dredging
- Hazardous waste disposal
- Construction of containment caps and groundwater treatment plants
- State and community involvement

**d) Funding Characteristics**

The Recovery Act provides \$600 million for Superfund remedial activities. In accordance with the provisions of the Recovery Act, up to 3 percent may be retained by the Agency for management and oversight purposes. As such, EPA will allocate up to \$18 million to internal EPA activities related to the management, oversight, and reporting of Superfund Recovery Act funds; EPA will allocate \$582 million to remedial cleanup activities at sites. The Agency anticipates that Recovery Act funds will support 51 National Priorities List (NPL) Superfund sites in 28 states across the country.

The Superfund program uses three types of financial awards to fund remedial activities and anticipates using similar methods for the Recovery Act funds—contracts, interagency agreements, and cooperative agreements. As of May 13, 2010, \$257 million has been awarded to EPA Response Action Contracts, Site Specific Contracts, and Emergency and Rapid Response Services; \$245 million has been awarded to Interagency Assisted Acquisitions with the US Army Corps of Engineers; and \$68 million has been awarded to Superfund State Cooperative Agreements. For a small number of sites, EPA received lower actual contract bid amounts than what EPA originally estimated for project needs. As a result, EPA deobligated a portion of the total \$582 million originally obligated as of December 31, 2009. EPA expects to obligate the remaining \$12 million by September 30, 2010.

Type Of Financial Award	Type Of Recipient / Beneficiary	Estimated Dollar Amount	Methodology For Award Selection
EPA Response Action Contracts (RACs), Site Specific Contracts, and Emergency and Rapid Response Services (ERRS) Contracts	Contractors	\$257M	Use of existing competitively awarded contracts and some new awards to site specific contracts using the FAR procurement process
Interagency Assisted Acquisitions with the US Army Corps of Engineers (USACE)	Contractors	\$245M	Use of existing competitively awarded contracts and some new awards to site specific contracts using the FAR procurement process
Superfund State Cooperative Agreements	States	\$68M	All Superfund State-lead projects are funded through non-competitive cooperative

			agreements
To Be Determined	TBD	\$12M	TBD

### Recovery Act Funded Sites

Following is a list of the Recovery Act funded Superfund sites, organized by state.

State	Site Name	New Start or Ongoing Project
CA	FRONTIER FERTILIZER	Ongoing
CA	IRON MOUNTAIN MINE	Ongoing
CA	SULPHUR BANK MERCURY MINE	New Start
CO	CENTRAL CITY, CLEAR CREEK	Ongoing
CO	SUMMITVILLE MINE	New Start
DE	STANDARD CHLORINE OF DELAWARE, INC.	Ongoing
FL	ESCAMBIA WOOD - PENSACOLA	Ongoing
FL	TOWER CHEMICAL CO.	New Start
FL	UNITED METALS, INC.	New Start
GA	BRUNSWICK WOOD PRESERVING	Ongoing
GA	WOOLFOLK CHEMICAL WORKS, INC.	Ongoing
ID	BUNKER HILL MINING & METALLURGICAL COMPLEX	Ongoing
IL	OUTBOARD MARINE CORP.	New Start
IN	CONTINENTAL STEEL CORP.	Ongoing
IN	JACOBSVILLE NEIGHBORHOOD SOIL CONTAMINATION	New Start
KS	CHEROKEE COUNTY	Ongoing
MA	NEW BEDFORD	Ongoing
MA	HATHEWAY & PATTERSON	New Start
MA	SILRESIM CHEMICAL CORP.	New Start
MN	SOUTH MINNEAPOLIS RESIDENTIAL SOIL CONTAMINATION	New Start
MO	MADISON COUNTY MINES	Ongoing
MO	ORONOGO-DUENWEG MINING BELT	Ongoing
MT	UPPER TENMILE CREEK MINING AREA	Ongoing and New Start
NC	GMH ELECTRONICS	New Start
NC	SIGMON'S SEPTIC TANK SERVICE	New Start
ND	ARSENIC TRIOXIDE SITE	Ongoing
NE	OMAHA LEAD	Ongoing
NH	OTTATI & GOSS/KINGSTON STEEL DRUM	Ongoing
NJ	CORNELL DUBILIER ELECTRONICS INC.	Ongoing
NJ	HORSESHOE ROAD	Ongoing
NJ	ROEBLING STEEL CO.	Ongoing
NJ	VINELAND CHEMICAL CO., INC.	Ongoing
NJ	WELSBACH & GENERAL GAS MANTLE (CAMDEN RADIATION)	Ongoing
NJ	PRICE LANDFILL	New Start
NJ	IMPERIAL OIL CO., INC./CHAMPION CHEMICALS	New Start

NJ	EMMELL'S SEPTIC LANDFILL	New Start
NJ	MONITOR DEVICES, INC/INTERCIRCUITS, INC..	New Start
NM	GRANTS CHLORINATED SOLVENTS	New Start
NY	LAWRENCE AVIATION INDUSTRIES, INC.	Ongoing
NY	OLD ROOSEVELT FIELD CONTAMINATED GW AREA	New Start
OK	TAR CREEK (OTTAWA COUNTY)	New Start and Ongoing
PA	CROSSLEY FARM	New Start
PA	HAVERTOWN PCP	New Start
SD	GILT EDGE MINE	Ongoing
TX	GARLAND CREOSOTING	New Start
UT	EUREKA MILLS	Ongoing
UT	BOUNTIFUL/WOODS CROSS 5TH S. PCE PLUME	New Start
VA	ATLANTIC WOOD INDUSTRIES, INC.	New Start
VT	ELIZABETH MINE	New Start
WA	WYCKOFF CO./EAGLE HARBOR	Ongoing
WA	COMMENCEMENT BAY, NEAR SHORE/TIDE FLATS	New Start

**e) Delivery Schedule**

<b>Activity</b>	<b>Projected Date</b>
Complete obligation of Recovery Act Funds to all sites	December 31, 2009*
Evaluate and report Recovery Act resource utilization	Monthly
Re-allocate funds, if necessary	Ongoing
Evaluate and report Recovery Act performance progress	Quarterly

\* For a small number of sites, EPA received lower actual contract bid amounts than what EPA originally estimated for project needs. As a result EPA deobligated a portion of the total \$582 million originally obligated as of December 31, 2009. EPA expects to obligate the remaining \$12 million by September 30, 2010.

**f) Environmental Review**

EPA considers its Superfund remedy selection procedures, carried out consistent with the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the National Contingency Plan, to be the functional equivalent of the National Environmental Policy Act (NEPA) process. As a result, it is not necessary for EPA to conduct separate Environmental Impact Statements for Superfund sites being addressed under CERCLA or under the provisions of the Recovery Act.

The *CERCLA Compliance with Other Laws Manual*<sup>2</sup> states that Superfund must take into account effects on properties included in or eligible for the National Register of Historic Places and make an effort to minimize harm to National Historic Landmarks. This approach to site cleanup will continue under the Recovery Act. In addition, the Superfund Program will refer to the *CERCLA Compliance with Other Laws Manual* regarding any other statutes that may be affected by the implementation of the Recovery Act.

**g) Measures and Results**

American Recovery and Reinvestment Act Performance Measures	Cumulative Quarter 4 FY09	Cumulative Quarter 1 FY10	Cumulative Quarter 2 FY10	Long-term Target*
Number of Superfund projects in receipt of Recovery Act funding	60	61	61	60
Number of Superfund sites in receipt of Recovery Act funding	50	51	51	50
Number of Superfund sites achieving construction completion	1	1	1	5
Number of Superfund sites achieving human exposures under control	2	2	3	5
Number of Superfund sites with new construction	25	26	26	25
Number of projects with new construction	25	26	26	25
Number of projects achieving completion	0	0	1	16

\* Long-term target is through end of FY2011. The majority of projects are multi-year construction projects that EPA expects will be completed beyond the reporting period for this measure.

- NOTE: As of May 13, 2010, EPA has exceeded its long term target in 4 of the 7 measures.

EPA chose all of the measures to reflect new and continuing cleanup activities at Superfund sites receiving Recovery Act funding. Following is a table providing descriptions of the performance measures and related reporting information.

Performance Measure Title	Source	Description/Definition	Reporting Frequency	Reporting Office
Total Number of Sites in Receipt of Recovery Act Funding	CERCLIS & IFMS	The total number of National Priorities List (NPL) sites where Recovery Act resources were obligated.	Monthly (5 <sup>th</sup> Business Day)	OSRTI
Total Number of Projects in Receipt of Recovery Act Funding	CERCLIS & IFMS	The total number of projects at NPL sites where Recovery Act resources were obligated.	Monthly (5 <sup>th</sup> Business Day)	OSRTI
Number of Sites with New Construction in Receipt of Recovery Act Funding	CERCLIS & IFMS	The total number of NPL sites where Recovery Act resources were obligated for new construction.	Monthly (5 <sup>th</sup> Business Day)	OSRTI

<sup>2</sup> **CERCLA Compliance with Other Laws Manual: Interim Final.** US Environmental Protection Agency, Office of Emergency and Remedial Response, EPA-540-G-89-006 August 1988. Link: <http://epa.gov/superfund/policy/remedy/pdfs/540g-89006-s.pdf>.

Number of Projects with New Construction in Receipt of Recovery Act Funding	CERCLIS & IFMS	The total number of new construction projects at NPL sites where Recovery Act resources were obligated.	Monthly (5 <sup>th</sup> Business Day)	OSRTI
Number of Projects Receiving Recovery Act Funding Achieving Completion	CERCLIS	The number of projects receiving Recovery Act funding achieving completion by the end of FY 2012.  <i>(Completion of projects is defined as those projects receiving Recovery Act funds which achieve a CERCLIS action for remedial action completion or remedial design completion as defined through the Superfund Program Implementation Manual)</i>	Monthly (5 <sup>th</sup> Business Day)	OSRTI
Number of Sites Achieving Construction Completion (CC) with Recovery Act Funding	CERCLIS	The number of sites receiving Recovery Act funding achieving construction completion by the end of FY 2012.  <i>(The current FY 2009 through FY 2012 CC GPRA targets for the Superfund remedial program include accomplishments anticipated at Recovery Act funded sites)</i>	Monthly (5 <sup>th</sup> Business Day)	OSRTI
Number of Sites Achieving Human Exposure under Control (HEUC) with Recovery Act Funding	CERCLIS	The number of sites receiving Recovery Act funding achieving HEUC by the end of FY 2012.  <i>(The current FY 2009 through FY 2012 HEUC GPRA targets for the Superfund remedial program include accomplishments anticipated at Recovery Act funded sites)</i>	Monthly (5 <sup>th</sup> Business Day)	OSRTI

EPA's current FY 2009 through FY 2012 national targets for the Construction Completion and Human Exposure Under Control GPRA measures account for potential accomplishments resulting from Recovery Act funding. The Agency anticipates that up to five sites receiving Recovery Act funding may potentially achieve construction completion within three years and up to five sites may potentially achieve Human Exposure Under Control within three years. The Agency anticipates that up to half of the projects receiving Recovery Act funding will achieve completion within three years.

## **h) Monitoring/Evaluation**

EPA will evaluate Recovery Act resource utilization on a monthly basis and performance progress on a quarterly basis. Recovery Act resource utilization, activities, and progress will also be evaluated during established mid-year and annual Superfund work planning meetings between EPA Headquarters and the regions.

Quarterly and annual reports will be a term and condition for each cooperative agreement and interagency agreement as well as a provision in each contract work assignment conducted with Recovery Act funds. These reports will provide EPA with detailed information on project progress and will meet the reporting requirements identified in section 1512 of the Recovery Act. EPA will also conduct quarterly in-depth reviews to ensure recipients are making sufficient progress and that Recovery Act funds are expended quickly and prudently. Funds that EPA identifies as being at risk of not being spent in a timely matter may be re-obligated to another project in order to meet the statutory deadline of obligating all funds by September 30, 2010.

In order to monitor and preserve accountability for Recovery Act expenditures, the Superfund program will use its existing Quality Assurance (QA) policies to ensure the quality of the activities generated by EPA contracts and interagency agreements.

## **i) Transparency**

EPA will provide transparent information on the performance, progress, and accomplishments of Superfund remedial activities supported by Recovery Act funds as outlined in the Agency and Recovery Act guidelines. The Agency will also continue to publicize information regarding site activities as required by CERCLA.

EPA will post progress information on the main EPA web area ([www.epa.gov/recovery](http://www.epa.gov/recovery)) as well as on [www.recovery.gov](http://www.recovery.gov). The Superfund program has created its own web area, located at [www.epa.gov/superfund/eparecovery/index.html](http://www.epa.gov/superfund/eparecovery/index.html), and will publicly post information on activities conducted with Recovery Act funds. In addition, site-specific information for all sites receiving Recovery Act funding will be available on individual site fact sheets located on the Superfund program web area.

## **j) Accountability**

The Superfund program will ensure the expenditure and monitoring of Recovery Act funds are transparent and that appropriate, qualified, and certified staff oversee the use of Recovery Act resources. Working with established Agency and Recovery Act guidelines, the Superfund program will ensure that it monitors and reports Recovery Act resource utilization and project progress in an effective and timely manner. Superfund senior managers will have timely and regular meetings to assess implementation progress and resolve any issues related to Recovery Act funded projects.



In compliance with the Federal Managers' Financial Integrity Act (FMFIA) EPA's ongoing management integrity program requires us to develop a multiyear program review strategy, conduct systematic and rigorous assessments of internal controls over our programmatic and financial operations, and report on the effectiveness of those controls in our annual letter of assurance to the Administrator. For FY 2009, we addressed the integrity of Recovery Act programs by including an additional assurance statement regarding ARRA funds and activities as part of our annual assurance letter to the Administrator.

In addition to our internal reviews, we will rely on audit findings and program evaluation results to inform our assessment and strengthen program accountability.

The oversight process in place for ARRA funding ensures that managers and staff will be held accountable for performance. Senior managers' performance standards include specific performance measures related to the Superfund program, and staff's performance standards contain measures reflecting their role and responsibilities in achieving progress. (During midyear performance reviews, these performance standards and measures are being modified to address Recovery Act-specific goals.)

#### **k) Barriers to Effective Implementation**

EPA is working to address barriers to effective implementation of the Superfund Recovery Act funding. One initial barrier that EPA has successfully addressed is the timeframe requirements associated with Superfund State Contract (SSC) cost-share agreements. The Superfund statute (CERCLA 104(c)(3)(C)) requires that States pay a 10 percent (or more) cost share for all fund-lead remedial actions. An EPA regulation requires that these costs shares be paid by the state upon completion of all activities in an SSC agreement. Recognizing the economic and budgetary constraints states currently face, EPA has implemented a short-term exception to these requirements. Under this exception, EPA can negotiate with SSC signatories to determine a mutually agreeable final payment date for all SSCs signed or amended from February 17, 2009, through September 30, 2010.

Another potential Superfund Recovery Act implementation barrier EPA identified relates to meeting the Recovery Act requirement of utilizing the funds quickly while also satisfying Agency financial award requirements. These requirements call for maximum practicable competition and maximum opportunities for small businesses to compete for Agency contracts and to participate as subcontractors. The Superfund program is working with Agency partners to develop methods to streamline Recovery Act financial awards while still meeting all standard Agency requirements.

#### **l) Federal Infrastructure Investments**

The Recovery Act provides funding for Superfund remedial program activities that do not generally meet the definition of infrastructure. Superfund activities that may fall under the category of infrastructure are projects where the principal purpose is to construct a cap to be directly incorporated into a public building or public work as defined in 2 CFR 176.140(a) or to

extend a municipal water supply to residents and businesses affected by contaminated drinking water. This infrastructure definition applies only to projects funded through Superfund Cooperative Agreements where the principal purpose of the project is to construct a cap to be directly incorporated into a public building or public work as defined in 2 CFR 176.140(a) or to extend a municipal water supply to residents and businesses affected by contaminated drinking water.

The Agency will continue to promote and apply green remediation practices at Superfund sites. These green remediation practices emphasize low-carbon footprint technologies to lower green house gas emissions as well as provide other substantial "green benefits" such as increased energy and water efficiencies through technology and use of renewable resources; reduction of land and water contamination and air emissions; and development of new technologies for broader applications. Green technology may also reduce energy use during cleanup and, in some cases, yield energy surpluses through creative project design.

**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

**ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PROGRAM PLAN:  
DERA PROGRAM  
JUNE 1, 2010**

**a) Funding Table by program, project, and activity categories:**

<b>EPA Program-Specific Recovery Act Plan Diesel Emissions Grants (DERA)</b>				
<b>Treasury Symbol</b>	<b>Appropriations</b>	<b>Program</b>	<b>Sub-program</b>	<b>Total Appropriation</b>
689/00102	STAG - Recovery Act	DIESEL EMISSIONS GRANTS	Recovery Act: Clean Diesel Emerging Technologies Program	\$20,000,000
			Recovery Act: Clean Diesel Innovative Financing	\$30,000,000
			Recovery Act: Clean Diesel National Program	\$155,770,000
			Recovery Act: Clean Diesel State Grant & Loan Program	\$88,230,000
689/10108	EPM (M&O) -- Recovery Act	DIESEL EMISSIONS GRANTS	Recovery Act: EPA (Headquarters & Regions)	\$6,000,000
<b>Total</b>				<b>\$300,000,000</b>

**b) Objectives:**

The objective of the program is to reduce diesel emissions while using American Recovery and Reinvestment Act (Recovery Act) funding to maximize job preservation and/or creation and economic recovery through a variety of diesel emission reduction strategies.

Diesel engines power the movement of goods across the nation, help construct the buildings in which we live and work, help build the roads on which we travel, and carry millions of children to school each day. While diesel engines provide mobility and are critical to the nation's economy, exhaust from diesel engines contains pollutants that negatively impact human health and the environment. More than 11 million diesel engines in operation today do not meet EPA's new clean diesel standards, yet these engines have an average lifetime of 20 to 30 years. Diesel engines emit large amounts of nitrogen oxides, particulate matter and air toxics, which contribute to serious public health problems, including asthma, lung cancer and various other cardiac and respiratory diseases. These problems result in thousands of premature deaths, millions of lost work days, and numerous other negative health and economic outcomes every year.

To meet the challenge of reducing exhaust from diesel engines, EPA established the National Clean Diesel Campaign (NCDC). The NCDC's goal is to accelerate emission reductions from older diesel engines to provide more immediate air quality benefits and improve public health. EPA will use Recovery Act funding to support the goals of the Recovery Act and NCDC.

**Recovery Act Funding Priorities:** A principal goal and priority of the assistance under this opportunity is to promote job creation and/or preservation and economic recovery.

Recipients will demonstrate in their applications how the proposed project:

- a. Preserves and/or creates jobs and promotes economic recovery;
- b. Maximizes job creation and economic benefit;
- c. Assists those most impacted by the current economic conditions;
- d. Provides investments needed to increase economic efficiency by spurring technological advances in science and health;
- e. Invests in transportation, environmental protection and other activities that will provide long-term economic benefits;
- f. Will be commenced as quickly as possible consistent with prudent management;
- g. Tracks, measures, and reports on the recipient's progress towards achieving the Recovery Act priorities.

**National Programmatic Priorities:** The national programmatic priorities apply to all new NCDC projects across the country. In addition to the Recovery Act priorities, a principal objective of this program is to achieve significant reductions in diesel emissions in terms of tons of pollution produced and reductions in diesel emissions exposure, particularly from vehicles, engines and equipment operating in areas designated by the Administrator as poor air quality areas. Funded projects will:

- a. Maximize public health benefits;
- b. Be the most cost-effective;
- c. Be in areas with high population density, that are poor air quality areas (including nonattainment or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas, or areas with toxic air pollutant concerns);

- d. Be in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions;
- e. Maximize the useful life of any certified engine configuration or verified technology used;
- f. Conserve diesel fuel; and
- g. Utilize ultra low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA's mandate (for non-road projects).

### **Benefits of the National Clean Diesel Campaign**

Public health benefits are immediate when emissions control strategies are applied to older diesel engines. Diesel retrofit technologies reduce pollution from the existing diesel engine fleet by up to 90% for particulate matter (PM), up to 50% for nitrogen oxides (NOx), and up to 90% for volatile organic compounds. New on-highway heavy-duty vehicles are up to sixty times cleaner than those manufactured prior to 1990.

In 2008 with an appropriation of nearly \$50 million, DERA's first year of operation, lifetime air quality benefits were estimated for four criteria pollutants and also for CO<sub>2</sub>. Over the lifetime of these grants, approximately 46,000 tons of NOx and 2,200 tons of PM will be reduced. These emission reductions translate into a significant public health benefit of approximately \$580 million to \$1.4 billion in quantifiable PM-related health benefits.<sup>1</sup> Given these estimated benefits, Recovery Act funding is likely to lead to reductions of hundreds of thousands of tons of pollution resulting in billions of dollars in health benefits. In addition, Recovery Act funding for DERA will also create jobs and promote economic recovery.

**Linkage to EPA Strategic Plan:** Funded projects must support Goal 1 of EPA's 2006-2011 Strategic Plan, Clean Air and Global Climate Change; Objective 1.1: Healthier Outdoor Air, which states, "Through 2011...[EPA will]...protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants." Projects funded under the DERA program must reduce emissions from diesel fleets, thereby reducing local and regional air pollution.

#### **c) Activities:**

The NCDC program is authorized by the Diesel Emissions Reduction Program in the Energy Policy Act of 2005, or "DERA." DERA directs EPA to implement the program through two different components: a National competition and a State allocation program. The National Program, with 70 percent of the funding available, consists of three separate competitions: 1) the

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<sup>1</sup> The monetized health benefits estimations are in 2006 dollars with an assumption of a 3 percent discount rate throughout the lifetime of the program. They were estimated using PM<sub>2.5</sub>-related benefit-per-ton (BPT) estimates. The BPT estimates are based on a suite of peer-reviewed studies on the relationship between PM<sub>2.5</sub> and health impacts (including both mortality and morbidity endpoints), which are then monetized based on unit values derived from the valuation literature. It should be noted that two different BPT estimates were used to reflect different assumptions about the relationship between PM<sub>2.5</sub> and premature mortality: the lower bound estimate is based on the American Cancer Society Cohort study (Pope et al., 2002) and the Six-Cities study (Laden et al., 2006).

National Clean Diesel Funding Assistance Program [\$156M]; 2) the National Clean Diesel Emerging Technologies Program [\$20M]; and 3) the SmartWay Clean Diesel Finance Program [\$30M]. The State Clean Diesel Grant Program utilizes the remaining 30 percent of the funding [\$88M]. Finally, the Recovery Act allows EPA to allocate up to \$6 million to support various administrative activities, such as personnel costs.

EPA will award grants to address the emissions of in-use diesel engines by promoting a variety of cost-effective emission reduction strategies, including switching to cleaner fuels, retrofiting, repowering and/or replacing eligible vehicles and equipment, and idle reduction strategies. EPA will continue to work with a broad group of partners, including State and local governments, transportation officials, engine manufacturers, emission technology vendors, fuel suppliers, private fleet owners and environmental groups, to accomplish this goal. Grant awards will be evaluated against Recovery Act Funding Priorities and National Programmatic Priorities.

**d) Characteristics:**

Type of Financial Award	Type of Recipient/Beneficiary	Estimated Dollar Amount	Methodology for Award Selection
Formula Grant (State Clean Diesel Grant Program)	States and the District of Columbia	\$88.2 M	Non-competitive allocation grants
Competitive Grant Program (National Clean Diesel Funding Assistance Program)	State Local Private Non-Profit Public Non-Profit Federally Recognized Indian Tribal Native American Organization (Regional, local, State, port and Tribal agencies and certain nonprofit organizations*)	\$155.8 M	Competition through a 40-day Request for Applications
Competitive Grant Program (SmartWay Clean Diesel Finance Program)	State Local Private Non-Profit Public Non-Profit Federally Recognized Indian Tribal Native American Organization (Regional, local, State, port and Tribal agencies and certain nonprofit organizations*)	\$30 M	Competition through a 40-day Request for Applications
Competitive Grant Program (Emerging Technologies	State Local Private Non-Profit	\$20 M	Competition through a 47-day Request for Applications



Clean Diesel Program)	Public Non-Profit Federally Recognized Indian Tribal Native American Organization (Regional, local, State, port and Tribal agencies and certain nonprofit organizations*)		
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Note: EPA’s Recovery Act DERA program can expend up to 2%, or \$6 million, on administrative costs.

\* The DERA legislation has a specific definition of eligible entities.

**e) Delivery Schedule:**

Timeline of Major Milestones:

**State Clean Diesel Grant Program**

State Program *Notice of Intent to Apply* sent out: February 26, 2009  
 State Program Grant Work Plans and grant documents due to EPA: March 20, 2009  
 State Program Grants awarded: By April 17, 2009  
 State Grant Project Period: April, 2009 – June 30, 2011  
 Wrap-up and Close-out: October 1, 2010 – July 1, 2011

**National Clean Diesel Funding Assistance Program**

RFA posted: March 19, 2009  
 RFA closed: April 28, 2009  
 Award: June, 2009  
 Project Period: June, 2009 – June 30, 2011  
 Wrap-up and Close-out: October 1, 2010 – July 1, 2011

**SmartWay Clean Diesel Finance Program**

RFA posted: March 19, 2009  
 RFA closed: April 28, 2009  
 Award: June, 2009  
 Project Period: June, 2009 – September, 2011  
 Wrap-up and Close-out: October 1, 2010 – July 1, 2011

**Emerging Technologies Clean Diesel Program**

RFA posted: March 19, 2009  
 RFA closed: May 5, 2009  
 Award: June, 2009  
 Project Period: June, 2009 – June 30, 2011  
 Wrap-up and Close-out: October 1, 2010 – July 1, 2011

**f) Environmental Review:**

In accordance with the U.S. Environmental Protection Agency’s (EPA) procedures for implementing the National Environmental Policy Act (NEPA) (40 CFR Part 6), EPA has completed an environmental review of the DERA program.

The Finding of No Significant Impact (FONSI) document was posted on EPA’s Web site on March 23, 2009, along with the Preliminary Environmental Assessment. The environmental review process, which is documented by the Preliminary Environmental Assessment, indicates that no potential significant adverse environmental impacts are anticipated from the proposed action. A 30-day public comment period ended April 22, 2009. As there were no significant comments from the public by that date, the FONSI is final.

**g) Measures and Results**

The DERA Program will be using the following measures to quantify program performance:

American Recovery and Reinvestment Act Performance Measures	Cumulative Quarter 4 FY09	Cumulative Quarter 1 FY10	Cumulative Quarter 2 FY10	Long-term Target
Number of projects implemented that promote diesel emissions reductions	160	160	160	160
Number of existing heavy duty diesel engines (including school bus engines) that have been retrofitted, replaced, or retired	415	2,700	5,050	30,000
Lifetime reductions of NO <sub>x</sub> emissions (tons)	1,402	8,900	15,750	100,000
Lifetime reductions of PM emissions (tons)	53	340	610	4,000
Lifetime reductions of HC emissions (tons)	109	1,000	1,928	12,000
Lifetime reductions of CO emissions (tons)	553	1,200	2,410	13,000
Lifetime reductions of CO <sub>2</sub> emissions (tons)	11,083	73,000	139,020	850,000

Emissions reduction estimates will be calculated when the grants are awarded. Upon completion of the work, final emissions reductions will be calculated based upon the Final Technical Report submitted by the grantee (approximately 18 months after the grants are awarded). EPA estimates emissions reductions by using the program’s Diesel Emission Quantifier. The web-based Quantifier is also used by grantees and applicants to calculate preliminary emissions benefits.

To report on interim progress, grantees are required to report, on a quarterly basis, progress on activities such as number of contracts awarded, number of engines retrofitted or replaced by sector<sup>2</sup> (e.g. school buses, rail, or ports), the technology used for the retrofit and amount of EPA funds expended. Progress on these activities will ultimately lead to the installation of diesel engine retrofit technology which will then result in reduced emissions from diesel engines as well as job creation/retention. EPA grant recipients will report on the number of jobs created and/or retained, by full-time equivalencies, according to the latest OMB guidance provided for

<sup>2</sup> Sector information is reported by grantees through their initial application for funds, quarterly reports and a final report. EPA tracks the sector information in a database.

such reporting. EPA will track the implementation of these projects in the NCDC Database and on the recovery.gov website.

In addition, EPA evaluates diesel emission reduction technologies through its Verified Technology Program. The purpose of this program is to evaluate the emission reduction capabilities of a given technology and publicize those findings to fleet managers and other stakeholders. Through this process, EPA helps to instill confidence in our stakeholder community that the verified emission reductions will be achieved. The verification process includes a thorough technical review of the technology as well as tightly controlled testing to quantify emission reductions. EPA also evaluates technologies in the field through its Technology In-Use Testing Program.

#### **h) Monitoring/Evaluation:**

Overall, the DERA program will adhere to the Agency's Stewardship plan. EPA will be using a combination of quarterly reporting from grantees and on-site and off-site monitoring by EPA Project Officers and auditors to evaluate the progress of each Recovery Act DERA grant. Information will be gathered from grantees on a quarterly basis, including progress on grant milestones. In order to measure progress, the EPA Project Officers will compare the grant work plan to the quarterly reports to make sure the project's milestones and activities are being completed on time.

EPA is using a nationally coordinated effort for the overall management of the DERA grants. The Office of Air and Radiation (OAR) staff located in both Headquarters and the Regions will be providing overall grants management guidance as well as the programmatic expertise in reviewing and recommending the DERA grant awards and managing and monitoring the individual grants. The DERA project officers will interact with grant recipients on a regular basis monitoring the progress of grants and resolving programmatic issues that arise. The OAR team will work in conjunction with the Office of Grants and Debarment and their Headquarter and Regional counterparts as the grants work their way through the administrative process to be awarded. The monitoring and management of these grants will be undertaken by both program and administrative staff. The Agency has established a Steering Committee to oversee the implementation of the Recovery Act.

Problems encountered will be recognized and resolved as the project period progresses.

- The Project Officers will identify issues through monitoring quarterly progress reports against the work plan and reviewing the resources drawn downs.
- If problems are identified a corrective action plan will be developed by the Project Officer in conjunction with the Agency's Office of General Counsel and Office of Grants and Debarment to get the project back on track. The Project Officer will actively monitor actions by the recipient to ensure the recommendations/findings in the corrective action plan are resolved.

EPA’s on-site and off-site grant monitoring program will be a key component of its on-going evaluation of grants.

- The Project Officers will be required to conduct the following reviews to evaluate the grant: monthly resource utilization, quarterly reports, and baseline monitoring. In some cases, the project officers will have to conduct on-site monitoring to ensure the grantees have the appropriate documentation to justify draw downs and are adhering to administrative policies.

**i) Transparency:**

The DERA Program is positioned to provide information on clean diesel projects funded through the Recovery Act. EPA will track specific outputs and outcomes as described in Section (g) above and can provide that information on a quarterly basis once the recipients begin reporting progress/accomplishments to EPA.

<b>Recipient Level</b>	<b>Amount of Funding</b>	<b>Performance Measure</b>
State Program: States and D.C.	\$88.2 million	Number of projects, number of engines by sector, number of technologies applied, emission reductions achieved
National Program*	\$155.8 million	Number of projects, number of engines by sector, number of technologies applied, emission reductions achieved
SmartWay Finance Program*	\$30 million	Number of projects, number of engines by sector, number of technologies applied, emission reductions achieved
Emerging Technology Program*	\$20 million	Number of projects, number of engines by sector, number of technologies applied, emission reductions achieved

\* Eligible recipients include regional, local, State, port and Tribal agencies and certain nonprofit organizations (transportation-related).

“Projects” are defined as a single grant or cooperative agreement.

“Sector” is a descriptive category of diesel vehicles or equipment, such as “school buses,” “rail” or “ports.”

Recipients will report the number of engines by sector and number of technologies applied for their grant projects. EPA will calculate lifetime emissions reductions benefits by pollutant (Particulate Matter [PM], Oxides of Nitrogen [NOx], Hydrocarbons [HC], Carbon Monoxide [CO] and Carbon Dioxide [CO<sub>2</sub>] -equivalents) based on this reported information.

**j) Accountability:**

The Recovery Act DERA program will ensure that the expenditure and monitoring of Recovery Act funds is transparent and that appropriate, qualified and trained staff are overseeing the Recovery Act resources. Working within established Agency and Recovery Act guidelines, the Recovery Act DERA program will ensure that it monitors and reports its resource utilization and project progress in an effective and timely manner. EPA senior managers will have timely and regular meetings to assess progress of implementation and resolution of any issues related to Recovery Act funded projects.

In compliance with the Federal Managers' Financial Integrity Act (FMFIA) EPA's ongoing management integrity program requires us to develop a multiyear program review strategy, conduct systematic and rigorous assessments of internal controls over our programmatic and financial operations, and report on the effectiveness of those controls in our annual letter of assurance to the Administrator. For FY 2009, we will be addressing the integrity of Recovery Act programs and including an additional assurance statement regarding ARRA funds and activities as part of our annual assurance letter to the Administrator.

Oversight function by EPA's Office of Air and Radiation (OAR) Senior Resource Official, Office of Program Management and Operations and Office of Transportation Air Quality will consist of the following components in an effort to provide proper oversight and management of the DERA grants:

- Provide a "tool kit" to serve as a reference guide for grants management of the ARRA projects to the Project Officers. Information provided in this "tool kit" will contain step-by-step guidance detailing the responsibilities in performing effective grants management for ARRA grants. An example of information contained in the "tool kit" will be checklists that project officers will need to complete to ensure they have the proper information such as quarterly reports, reviewing drawn downs contained in a grants file. The information will consist of pre-award and post-award information. This "tool kit" does not provide reporting guidance for section 1512 of the ARRA.
- Compete all the resources as required by the DERA statute, OMB guidance and Recovery Act guidance and collaborate with the Office of Grants and Debarment and Office of General Counsel as needed.
- Ensure that programmatic baseline monitoring by Project Officers (POs) will be performed on all Recovery Act grants. Programmatic baseline monitoring is a series of questions that includes recipient compliance with terms and conditions, submitting timely progress reports and changes to the budget. EPA Order 5700.6A contains the policy regarding baseline monitoring. Depending on the length of grant, baseline monitoring must be conducted within 6 to 12 months of award and then annually. OAR Project Officers will be performing advanced monitoring review of Recovery Act grants in accordance with Agency policies as well as OMB guidance and Recovery Act.

- Monitor resource utilization on the Agency financial systems and review quarterly progress reports to ensure they are in line with the work plan and budget.

The Agency will follow EPA Order 5700.5A1 “Policy for Competition of Assistance Agreements” which provides the procedures to follow should an unsuccessful applicant file a dispute to the Agency.

Should an awardee misspend their award, the Project Officer will notify the Grants Management Office Awarding Official who will then coordinate with the Office of General Counsel to determine the appropriate steps to remedy the situation using the following options:

- Impose special conditions on the award
- Issue stop work orders
- Withhold payment of funds
- Terminate award
- Initiate an investigation to determine if further action is necessary

Finally, if all administrative remedies are exhausted, the EPA Debarment Official may suspend and/or debar any person or organization from participation in all EPA assisted activities for a specified period of time.

#### **k) Barriers to Effective Implementation:**

The Recovery Act DERA program has identified several challenges. Our immediate concern is the learning curve of new grantees. It is expected that a significant portion of grants will be awarded to grantees which have never received an EPA award, or perhaps any other federal assistance. While this development is in line with the goals of the Recovery Act, these grantees will have to be assisted and monitored closely to ensure efficient project management.

Another concern is the accurate reporting of job creation and/or preservation information by grantees and subgrantees/subcontractees. However, when OMB Guidance is final on how this metric is to be calculated, this challenge will be addressed through targeted training to staff and Recovery Act recipients to ensure accurate recipient and subcontract/subgrant reports.

#### **l) Federal Infrastructure Investments:**

DERA projects are generally not infrastructure investments.