UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

SEP 29 2009

Ms. Barbara S. Taylor, Director
Office of Environmental Health Services
West Virginia Department of Health and Human Resources
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, WV 25301-1798

Dear Ms. Taylor:

Enclosed is the final Program Evaluation Report (PER) on the West Virginia Drinking Water Treatment Revolving Fund (DWTRF) program. The PER is the result of the U.S. Environmental Protection Agency's (EPA's) annual review of the program. The report covers the program's performance during the period July 1, 2007 through June 30, 2008.

The Bureau for Public Health (BPH) submitted its DWTRF Annual Report in accordance with Section 1452 of the Safe Drinking Water Act. The Annual Report outlined BPH's efforts and accomplishments in achieving the goals identified in the State's Intended Use Plan. EPA conducted an on-site evaluation from June 23 to 25, 2008. This PER describes our evaluation of the State's program.

The State's DWTRF exhibits sound financial strength. The State continues to do an excellent job of meeting the needs of small and disadvantaged communities. EPA, however, continues to be concerned that the program pace decreased to 70%, from 73% in FY 2007, and BPH continues to lag far behind the national average of 90% for loan closings as a percentage of total funds available. The enclosed PER outlines a number of other recommended action items for BPH to enhance DWTRF program management.

The PER identifies the following recommendations for the State to consider:

- Continue efforts to fill grant-funded positions needed to manage DWTRF and earmark projects;
- Reduce the unexpended balance of grant funds in the infrastructure and set-aside accounts;
- Review the procurement process to identify delays and implement measures to expedite set-aside procurement actions;

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- Implement options for utilizing set-aside funds in a more timely manner;
- Implement measures to draw funds from the oldest grants first in order to close out older grants; and
- Increase efforts to obtain required financial statement audits from each borrower annually.

EPA requests that BPH respond to the identified action items within 30 days of receipt of the final FY 2008 PER. If you have any questions, please contact me at (215) 814-5345 or have your staff contact Ramon Albizu at (215) 814-5456.

Sincerely,

for Lorraine H. Reynolds, Associate Director
Office of Infrastructure and Assistance
Water Protection Division

Enclosure

cc: Robert DeCrease, BPH
Walter Ivey, BPH

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