DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE SUITE 1000
WASHINGTON DC 20374-5065

5090
Ser 9900019/ENC-WS
26 MAR 1999

IN REPLY REFER TO

From: Commander, Naval Facilities Engineering Command

Subj: Navy Implementing Guidance for Department of Defense (DOD) and State Memorandum of Agreement (DSMOA)/Cooperative Agreement (CA) Program, Change Order Process and the DON Cost Recovery Process

Ref: (a) DOD manual "Working Together to Achieve Cleanup: A Guide to the Cooperative Agreement Process," of 22 Aug 97
(b) NAVFAC Guidance for Preparing and Submitting FY 2001 Budget Estimates for Base Realignment and Closure (BRAC) Requirements, 11000 BRCMTA/Ser 002 of 5 Feb 99
(c) FY01 Environmental Restoration, Navy (ER, N) Program Budget Guidance, 5090 Ser 9900018/ENC-WJ of 19 Feb 99

Encl: (1) DON Implementation Guidance DSMOA Program, General
(2) DON Implementation Guidance DSMOA Program, Change Order Process
(3) DON Implementation Guidance, Cost Recovery Process
(4) Cost Recovery Monthly Log
(5) DON DSMOA Points of Contact (POC) List
(6) DSMOA CA Process Timeline

1. The purpose and goal of the DON cleanup program is to identify, study and cleanup past hazardous waste disposal sites on Navy and Marine Corps installations within the United States and its territories. The program goals are to fully comply with federal, state, and local requirements, and act immediately to eliminate human exposure to contamination that poses imminent threats. On a national basis, cleanup first those sites that pose the greatest risk to human health and the environment, develop partnerships with regulatory agencies, and involve local communities in the cleanup program through established Restoration Advisory Boards. These goals are carried out as the DON expedites the cleanup process and demonstrates a preference for action.

2. The DSMOA program is a voluntary agreement between the Department of Defense (DOD) and a state whereby DOD pays for the costs for the state to "assist" with or provide oversight of the cleanup process. Under DSMOA, each state develops a Cooperative Agreement (CA) that covers oversight costs for a two-year period. Within the past year, the states and DOD worked cooperatively to develop a dynamic new six-step process for developing, reviewing and funding a CA described in reference (a).

3. Generally, the DON agrees that states should determine the necessary oversight levels within reasonable limits. Legally, DOD has been given the responsibility as "lead agent" for conducting cleanups on its installations via the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) and Executive Order 12850. DOD must follow and respect state cleanup standards, applicable and relevant requirements, and

procedures. Under the Defense Environmental Restoration Program (10 U.S.C. 2701), Congress gave DOD the authority (but not the requirement) to use appropriated cleanup funds to reimburse states for assistance in conducting cleanup of activities. DSMOA CAs are funded under this authority.

4. The DON objective is to implement the DSMOA six-step process. The enclosed DON implementation guidance shall be used to facilitate both the DSMOA process beginning with the CA 98-1 grant and the pilot (California) Cost Recovery process as follows:

- Annual review and examination of backup data performed on both Yr-1 and Yr-2. Adjustments for Yr-1 and Yr-2 must be warranted to affect DSMOA mid-year review and take into account changes (DON budget cuts or unforeseen conditions) as they relate to work products and the relevant state oversight costs associated with those efforts. We don't want to pay for work that doesn't get done in year 1 and then have the state add it to the year 2 requirements. This is not a "level of effort" program, cost are associated with a specific work plan and either the job was done and we pay for it, or the job wasn't done and we don't pay for it.
- Enclosure (1) is the DON implementing guidance, for EFD/As, associated with the DSMOA/CA six-step process described in the reference (a) manual, which outlines the roles, responsibilities and timeframe for states and components participating in the program to develop budget costs for state oversight of installation cleanup.
- References (b) and (c) provide budget guidance for FY01 that require the EFD/A to update NORM (due 31 Mar 99) which begins the budget cycle (FMB, OSD, OMB/President's Budget, Congress) and affects Yr-2 of the DSMOA CA 98-1 grant, and DSMOA mid-year review.
- Enclosure (2) is the DON DSMOA implementing guidance for a Change Order Process. This process shall be used anytime to prepare a change order within the current grant for any reasonable and appropriate cost adjustments for unforeseen conditions, if they arise.
- Enclosure (3) is the DON implementing guidance for the state Cost Recovery Process. This process shall be used in those states that DON has authorized its implementation to minimize oversight cost for installation cleanup. Long Beach Naval Complex, Mare Island Naval Shipyard, Treasure Island Naval Station and the Alameda Naval Air Station are authorized cost recovery installations in the state of California.
- Enclosure (4) is a suggested form for use as a Monthly Log (table format) to assist RPMs for tracking all events under the Cost Recovery Process. This may become necessary when reviewing invoices, submitted from a state that is under Cost Recovery with the Navy, several months after the work was accomplished. DON RPM/BEC may be asked to verify state RPM/Management hours/cost on invoices before funding to EFD/A is provided by NAVFAC HQ for payment to state.
- Enclosure (5) is a list of the DON DSMOA EFD/A POCs and DON DSMOA Stakeholder Committee POCs. The DON DSMOA EFD/A POC roles and responsibilities consist of supporting the NAVFAC ENC POC to coordinate with EFD/A RPMs the review/analysis of state cost/hours associated with DON worklplans for the consolidated submission of funding to the COE for Navy's share of the DSMOA program. In addition, this includes any other issue that involves the implementation of enclosure (1), (2) and (3), as requested. The DON DSMOA

Stakeholder Committee primary POCs are the single contacts to address issues for process improvement of the DSMOA CA guidance, which is reference (a).

- Enclosure (6) is a timeline chart of the DSMOA process.

5. A DSMOA Stakeholders Committee has been established (first meeting was 3 Mar 99 at COE Office in Washington, DC) and consist of Service representatives and state regulators who began to provide process improvement on DSMOA matters. DON DSMOA members are listed on enclosure (5). The stakeholder meeting addressed issues such as: standardized workplans, backup data for CA applications and CA implementation instructions; content and format of the semi-annual report; Mid-Yr. review; state accountability, etc.

6. Your primary DON stakeholder contacts for ER, N/BRAC is Mr. Franco LaGreca [falagreca@efdnorth.navfac.navy.mil] (East Coast) and Mr. Alan Hurt [Hurt.Alan.C@cnrasw.nasni.navy.mil] (West Coast) for DSMOA CA issues. The NAVFACENGCOM (NAVFAC) headquarters POC is Mr. Wilkins Stafford at (202) 685-9320, DSN: 325-9320; Fax is (202) 685-1670; Internet address is staffordwb@navfac.navy.mil.

JAMES WRIGHT
Director of Environment

Copy to:
DASN (I&E)/ES (Paul Yaroschak)
CNO (N453F) (Cindy Turlington)

Distribution:
COMLANTNAVFACENGCOM (Code 18)
COMPACNAVFACENGCOM (Code 18)
CO SOUTHEWESTNAVFACENGCOM (Code 18)
CO SOUTHNAVFACENGCOM (Code 18)
CO NORTHNAVFACENGOM (Code 18)
CO ENGFLDACT CHES (Code 18)
CO ENGFLDACT WEST (Code 18)
CO ENGFLDACT NORTHWEST (Code 18)

NAVAL FACILITIES ENGINEERING COMMAND
ENVIRONMENTAL CLEANUP AND RESTORATION DIVISION

DON IMPLEMENTATION GUIDANCE FOR THE DEPARTMENT OF DEFENSE (DOD) AND STATE MEMORANDUM OF AGREEMENT (DSMOA)/COOPERATIVE AGREEMENT (CA) PROGRAM

The new CA guide, "Working Together to Achieve Cleanup: A Guide to the Cooperative Agreement Process," is a generic guide and applies to each Service within a state. However, because of the differences in how each Service works with the state, the Navy has determined that more detailed guidance is necessary for the Navy implementation of the new CA process. Below are excerpts of the six-step process from the new CA guide, followed by the Navy's descriptive instructions on how to implement that step.

STEP 1 (CA GUIDE): The designated representative of the state-for example, the state remedial project manager (RPM)-contacts the appropriate installation (Naval Engineering Field Division (EFD) or Activity (EFA)) representative to indicate that the state is initiating the development of the two-year CA.

NAVY IMPLEMENTATION: For active installations, the state RPM will contact the EFD/A RPM directly; for Base Realignment and Closure (BRAC) installations, the state RPM will contact the BRAC Environmental Coordinator (BEC), to indicate that the state is initiating development of the CA. The EFD/A RPM or BEC should be contacted, by the state, no later than July of the year prior to the start of the two-year CA process. If the EFD/A RPM or BEC has not been contacted by July, the EFD/A RPM or BEC shall contact the state RPM to initiate the CA process.

STEP 2 (CA GUIDE): The EFD/A RPM or BEC should provide the state RPM with a detailed schedule of deliverables and activities for the two-year CA period and a narrative summary of activities planned for the four years subsequent to the two-year CA, years three through six.

NAVY IMPLEMENTATION:

a. The EFD/A RPM or BEC (from step 1 above) will provide the state RPM with a detailed schedule of restoration program activities, by site, that the installation will undertake during the two-year CA period. The EFD/A RPM or BEC should also provide the state RPM with expected activities for years three through six. Information provided to the state should be based on schedules reflected in the Defense Site Environmental Restoration Tracking System (DSERTS/NORM) and Site Management Plan, or BRAC Cleanup Plan and supported by costs identified in the budget for the near term and the FYDP for the longer term. For new installation additions to DSMOA program the EFD/A RPM or BEC and state RPM shall agree to its addition and develop an Appendix E and F.

ENCLOSURE(1)

b. The EFD/A RPM or BEC and the state RPM will together identify and agree upon the activities to be accomplished under the six-year CA period. Greater specificity is required for the first two years, with just a descriptive narrative for the remaining four years. The most critical element is identifying and reaching agreement on the near term work efforts.

c. The end products of this step are two jointly signed forms (see Appendix E and F of reference (a)). Appendix E is the detailed Two -Year Work Plan Table. Appendix F is the Installation Cleanup Plan Narrative for years 3 through 6. For a new installation the EFD/A RPM or BEC shall request of state RPM to include it on the Appendix A listing of valid DSMOA installation that is required to be submitted to the COE for incorporation in CA grant.

STEP 3 (CA GUIDE): The State CA administrator, using the schedule developed in Step 2, calculates the estimated costs of accomplishing the CA.

NAVY IMPLEMENTATION: The EFD/A RPM or BEC will request that the state's draft CA includes the following backup information for each installation covered in the CA application: site specific hours by discipline, non-site specific hours, and ancillary costs. This information will be used as the basis for justifying the two-year work plan. Work Plans (products) should have a direct relationship to Appendix E.

STEP 4 (CA GUIDE): Service representatives – for example, a representative of the Navy EFD/A (DSMOA POC) – previews the draft CA for all installations in the state.

NAVY IMPLEMENTATION:

a. The state shall send the draft CA to the EFD/A DSMOA POCs (see enclosure 5).

b. The EFD/A DSMOA POC will then send appropriate portions of the draft CA to the EFD/A RPM or BEC. The EFD/A RPM or BEC will review and provide concurrence or comments to the EFD/A DSMOA POC who will consolidate comments and provide concurrence (Green Light) and forward them to NAVFAC ENC POC via e-mail. The NAVFAC ENC POC will notify the HQUSACE DSMOA office of concurrence or issues. If there are issues to resolve, the EFD/A DSMOA POC and their management, shall work together to reach a resolution.

c. Once there is concurrence on the draft CA, the NAVFAC ENC POC will notify Chief of Naval Operations (N453F) (CNO) of concurrence. The CNO will then notify the Deputy Assistant Secretary of the Navy (Installation and Environment) (DASN (ES) of the results of the review process for approval.

CA GUIDE: The DOD, or component regional environmental coordinator (REC), (Navy, if applicable) will coordinate the effort as required and ensure that the installation (EFD/A)-level agreements for that service have been represented accurately.

NAVY IMPLEMENTATION: When applicable, the EFD/A DSMOA POC will notify the REC of any unresolved issues that prevent approving the CA. Once the CA is approved, by NAVFAC ENC POC the EFD/A DSMOA POC will send a copy to the REC, if requested.

CA GUIDE: The REC will also ensure that each service (Navy, if applicable) representative has the opportunity to review the statewide cost summary and backup installation costs that have been supplied. The state and each service may opt for a briefing to review the information, or by mutual agreement, may waive the briefing. This forum is provided to share information, provide clarification, and form an agreement on the reasonableness of the draft CA.

NAVY IMPLEMENTATION:

a. The EFD/A DSMOA POC will request the state provide the backup data supporting the installation costs together with the draft CA to the EFD/A RPM or BEC.

b. There must be concurrence on behalf of all parties within the Navy (EFD/A, NAVFAC and CNO) in order for the CA application to proceed beyond Step 4.

STEP 5 (CA GUIDE): The state completes its CA application and submits the application to HQUSACE for processing and funding. The CA application includes the summary of costs by service and by funding source for each of the two years of the CA, and presents an estimate of total costs for years three through six (by service and by fund source) HQUSACE will transmit all of the CA applications to the DOD points of contact (NAVY-NAVFAC) for signed concurrence.

NAVY IMPLEMENTATION: If the total DON funds requested per state is 10% greater or 10% less than the DON allowed, then the discrepancy will be addressed by the EFD/A RPM or BEC and their management.

STEP 6 (CA GUIDE): The individual service provides its share of the first year's funding by 1 April (before the 1 July start date of the CA).

NAVY IMPLEMENTATION:

a. Navy (NAVFAC via program management funds, ER, N for active sites and BRAC for BRAC sites) provides its share of the first year funding to HQUSACE by 1 April. Funding will be forwarded to HQUSACE only for those states that have successfully completed steps 1-5. Funds transfer will be adjusted to reflect any surplus or deficit in the Navy's account from prior billing periods. Funds will be earmarked by account and represent a ceiling which may not be exceeded.

b. Listed below are the approximate dates that the DSMOA steps will occur. These timeframes (see enclosure 6) should be considered during your support of the Navy budget cycle.

- **Step 1** June/July - Thirteen calendar months before the award date the CA process begins.
- **Step 2** June/Aug – Development of a joint six-year cleanup plan for all activities that require state involvement.
- **Step 3** Sept/Oct - State develops the CA budget.
- **Step 4** Oct/Nov – The draft CA is sent to Navy EFD/A DSMOA POC for review, comments and/or concurrence.
- **Step 5** Jan – State completes its CA application and submits the application to HQUSACE for processing and funding.
- **Step 6** Feb/Apr – DON/state conducts **Mid-Year Review** and make appropriate adjustment to Appendix E (Feb/Mar). By 1 Apr DON (NAVFAC) provides its share of the funding for the first year beginning 1 Jul.

NAVAL FACILITIES ENGINEERING COMMAND
ENVIRONMENTAL CLEANUP AND RESTORATION DIVISION

DON IMPLEMENTATION GUIDANCE FOR THE DEPARTMENT OF DEFENSE (DOD) AND STATE MEMORANDUM OF AGREEMENT (DSMOA)/COOPERATIVE AGREEMENT (CA) PROGRAM
CHANGE ORDER PROCESS

In those events where there is a requirement in the current CA grant that requires a significant increase in scope/cost change due to unforeseen conditions, the following protocol has been established for such actions:

1. DON Implementation of CA Guide Steps 2 through 6 must be repeated for the purpose of the change.
2. Emphasis is placed on a coordinated, negotiated and signed agreement (Amended Appendix E, Step 2), of proposed work between DON RPM/BEC and state RPM to reflect changes to the original Appendix E (EPA RPM must be kept informed as necessary). Ensure state submits an Appendix A to HQUSACE for new installations added to the DSMOA program, if applicable.
3. Emphasis is also placed (Step 2/3) on the hours and cost as they relate to the original Appendix E. Justification of the changed condition must be provided to the local EFD/A DSMOA POC.
4. The local EFD/A DSMOA POC will submit scope, hours and cost justification with their management concurrence to NAVFAC ENC POC by e-mail.
5. The state will submit the same signed Appendix E (Step 2 above) change order request to HQUSACE (Step 5) for notification of increased scope and cost negotiated with Navy, as well as submit an Appendix A to HQUSACE for new installations added to the DSMOA program, if applicable.
6. NAVFAC ENC POC provides DERA/BRAC funding, per Change Order request from EFD/A, to HQUSACE. HQUSACE revises and signs CA award letter based on change request, to state and NAVFAC, with copy to EFD/A DSMOA POC.
7. NOTE: Reasonable and appropriate cost adjustments accompanied by justification will be entertained.

ENCLOSURE(2)

NAVAL FACILITIES ENGINEERING COMMAND
ENVIRONMENTAL CLEANUP AND RESTORATION DIVISION

DON IMPLEMENTATION GUIDANCE FOR **COST RECOVERY PROCESS**

In those instances where DON and a state have agreed to a Cost Recovery Process for a installation, in lieu of a DSMOA CA, the following protocol has been established:

1. Develop a Business Plan for Implementation, including appropriate accounting controls. Suggest you please use enclosure (4) for tracking events, which will be helpful when reviewing state invoices for validation of payments after several months have passed. DON RPM/BEC may be asked to verify state RPM/Management hours/cost on invoices before funding to EFD/A is provided by NAVFAC HQ for payment to state. However, if EFD/A has a better method of tracking to substantiate state invoices, please submit your process to NAVFAC ENC POC for concurrence.
2. Emphasis is placed on a coordinated and signed agreement, of proposed work between DON RPM/BEC and state RPM (EPA RPM must be kept informed as necessary).
3. Emphasis is on reconciling hours and cost of Appendix E work efforts. State backup justification (by installation, discipline, and site) for oversight work is required. DON and state must also concur on periodic payment schedule.
4. EFD/A DSMOA POC submits scope, hours and cost justification, with designated Upper Management supervisor concurrence, to NAVFAC ENC POC (via e-mail) to obtain authorization to provide cost recovery funding.
5. When state submits bill for oversight, EFD/A must review and check invoice against approved workplan. DON will not pay for services not rendered by state. Nor will DON pay for services outside the scope of Appendix E without prior approval.
6. Business Line Manager or Cleanup Division supervisor must certify state reviewed invoices/bills are appropriate and request funding from NAVFAC ENC POC by e-mail.
7. NAVFAC ENC POC provides DERA/BRAC funding, to submitting EFD/As, for state payments per prearranged schedule.
8. If a change order is required due to unforeseen conditions, you must repeat steps 2 through 6.

ENCLOSURE(3)

NOTIONAL MONTHLY COST RECOVERY LOG

INSTALLATION:	**NS Treasure Island**
DOCUMENTS FOR REVIEW:	
Document:	Final Phase II EBS follow-on Investigation Report
Date Submitted:	30 Mar 98
Reviewers:	John Doe (state RPM)
Comments:	
Due Date from State:	30 Apr 98
Actual Date:	2 May 98
Hours:	5
Document:	Close-out Report for Removal of Lead Contaminated Soil
Date Submitted:	24 Feb 98
Reviewers:	Jane Doe (State RPM)
Comments:	Delay due to state wanting more confirmation samples
Due Date from State:	6 Apr 98
Actual Date:	10 May 98
Hours:	7
MEETINGS:	
Date:	1 Apr 98
Place:	NAS Anywhere
Purpose:	RAB
Participants:	Community, state (F&G (1), Health (2), RPM (1) & Supv. (2)), Navy (RPM) (1) & Supv (1)
Hours:	3
Date:	
Place:	
Purpose:	
Participants:	
Hours:	
Conference Calls:	
Date:	7 Apr 98
Subject:	Schedule for investigating free product
Participants:	Navy (1) RPM, State (3) F&G/Health/RPM, EPA (1) RPM
Hours	1
Date:	30 Jun 98
Subject:	Discussed radiation samples
Participants:	Navy (1) RPM, State (3) F&G/Health/RPM, EPA (1) RPM
Hours	2
SITE INSPECTIONS:	
Date:	4 Jul 98
Purpose:	Field inspection monitoring wells at site 2.
Participants:	Navy (1) RPM, State (1) RPM, EPA (1) RPM
Hours:	3
Date:	

ENCLOSURE(4)

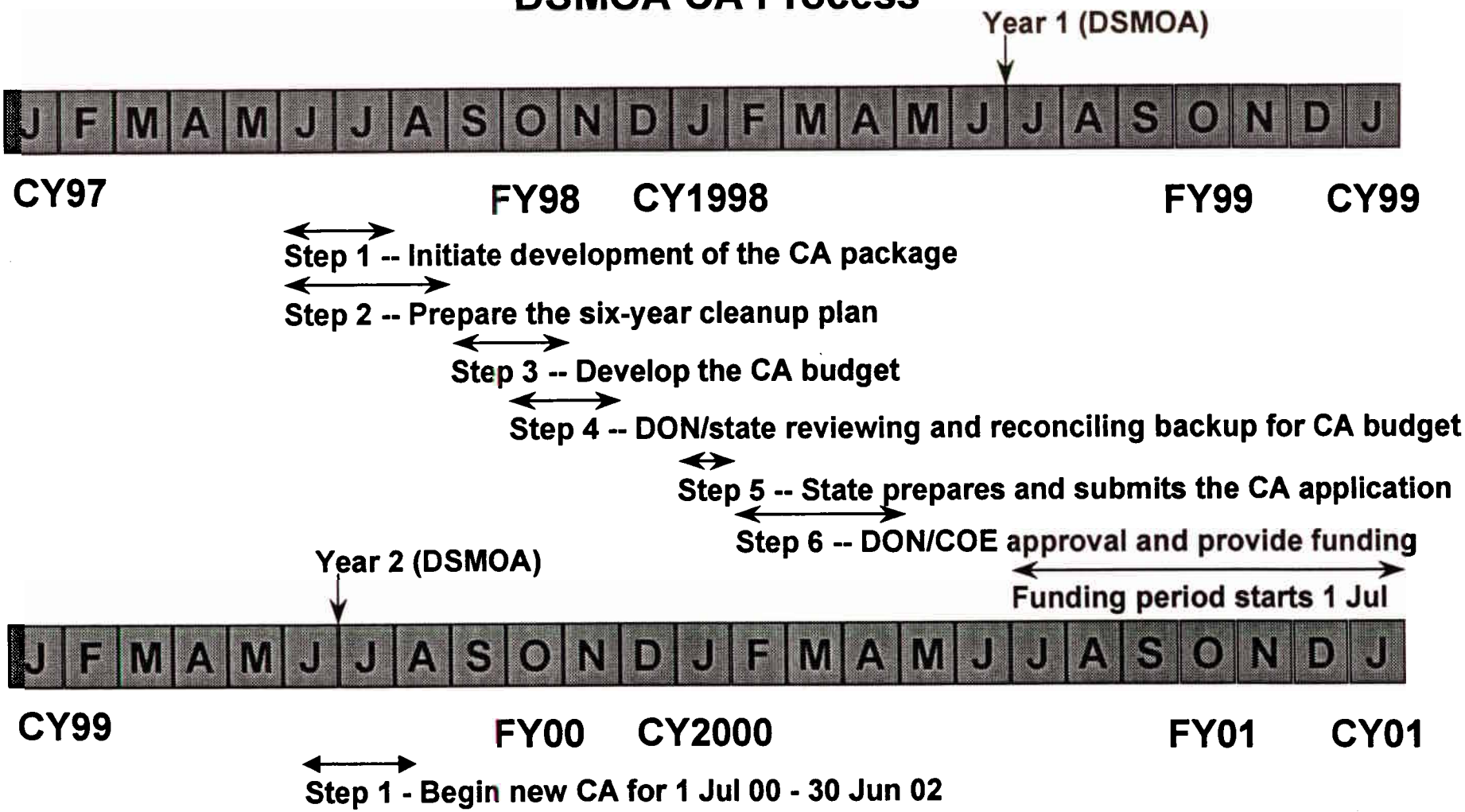
NOTIONAL MONTHLY COST RECOVERY LOG

Purpose:	
Participants:	
Hours:	
Problems Encountered/Comments:	
Date:	13 May 98
General:	Closure letter sent on two spills incomplete. (State EPA File #98.222)
Site Specific:	
Date:	26 Aug 98
General:	
Site Specific:	Site 4 plume has spread off base

DON DSMOA POCs		
Name	Phone	DSMOA States
Franco LaGreca [NORTHDIV]	**C (610) 595-0567** x-166 DSN:443 Fax (610) 595-0555	Connecticut Maine Massachusetts Rhode Island
Robert Lewandowski [NORTHDIV]	**C (610) 595-0567** x-126 DSN:443 Fax (610) 595-0555	New Jersey New York Pennsylvania
Armalia Berry Washington [EFA Chesapeake]	C (202) 685-3273 Fax (202) 433-7018	Maryland Virginia
Bob Schirmer [LANTDIV]	C (757) 322-4751 DSN:262 Fax (757) 322-4805	District of Columbia Virginia
Steve Martin [LANTDIV]	C (757) 322-4763 DSN:262 Fax (757) 322-4805	North Carolina West Virginia Puerto Rico
Constance Merting [SOUTHDIV] camerting@efdsouth.navfac.navy.mil	C (843) 820-7386 DSN:583 Fax (843) 820-7465	Alabama Florida Illinois Indiana Kentucky Louisiana Mississippi Minnesota South Carolina Tennessee Texas
Alan Hurt [SOUTHWESTDIV]	C (619) 532-3964 DSN:522 Fax (619) 532-2361	Alaska Arizona California Nevada Washington Hawaii Guam Marianas
NAVY Stakeholder Comm. POC's		
Franco LaGreca [NORTHDIV]	**Primary-East Bases**	Active/Closing
Alan Hurt [SWESTDIV] Primary	**Primary-West Bases**	Active/Closing
Frank Peters [EFA Ches]	**Alternate-East**	
Wilkins Stafford [NAVFAC HQ] C (202) 685-9320 F (202) 685-1670	**Alternate-West**	

ENCLOSURE(5)

DSMOA CA Process



Mid-term review - Step 1 due date, 1 Feb

Mid-term review - Step 2 due date, 1 Mar

Mid-term review - Step 3 due date, 1 Apr

Mid-term review - Step 3/4 due date, within two weeks after 1 Apr

Mid-term review - Step 4 due date 16 April

ENCLOSURE(6)