UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
1200 Sixth Avenue, Suite 900
Seattle, WA 98101-3140

April 13, 2011

Gary Passmore, Director
Office of Environmental Trust
Confederated Tribes of the Colville Reservation
P.O. Box 150
Nespelem, WA 99155

Re: Upper Columbia River Project Management Inquiries into Tribal GAP

Dear Gary,

This letter responds to your letter of March 29, 2011, regarding inquiries made by EPA staff into the use of General Assistance Program (GAP) grant funds by the Confederated Tribes of the Colville Reservation (Tribes).

EPA questioned the Tribes' decision to use GAP grant funds for Remedial Investigation and Feasibility Study (RI/FS) activities at the Upper Columbia River Site, instead of RI/FS funding that is available to the Tribes through a cooperative agreement. EPA appreciates having had the opportunity to discuss these funding issues with the Tribes on April 5, 2011. During that call, EPA explained its preference for the Tribes to use RI/FS cooperative agreement funds to fund RI/FS activities, and use GAP grant funds when RI/FS funds are exhausted. Funds expended for RI/FS activities under the GAP grant cannot be cost recovered, and our preference is to ensure that the polluter pays for RI/FS costs whenever possible. Charging more of the Tribes' RI/FS activities to the RI/FS agreement could also free up GAP grant funds for other tribal environmental programs.

EPA understands that staff in the Tribes' Environmental Trust program and in the Tribes' Finance / Accounting program have been working to bring billing under the RI/FS cooperative agreement up to date. EPA appreciates this effort because being behind schedule in billing has several important consequences for the Tribes. First, Environmental Trust staff are uncertain of the true available balance and are therefore hesitant to bill new work for fear of overbilling by mistake. Second, because there is a considerable balance available on the cooperative agreement, EPA has been unwilling to add new funds to the agreement and has not provided full funding for this year. Third, EPA will be negotiating with Teck in the near future over continued funding for the Participating Parties. If records continue to show a considerable balance of monies unspent on the cooperative agreement, it will be difficult for EPA to negotiate for equivalent or increased funding for the Tribes.

EPA appreciates the Tribes' willingness to place high priority on getting caught up with accounting and billing for the RI/FS agreement. David Osenga, the Tribes' Comptroller and Bob Phillips, the EPA Grants Officer, agreed to work together to get through the backlog. Bob

Phillips agreed to review a few draft invoices prepared by Mr. Osenga's staff and provide guidance back to the Tribes' on the level of documentation needed to support the invoices. Hopefully, this will help the Tribes' prepare the necessary invoices efficiently and minimize the need for follow-up.

Your letter asked whether EPA is now in a formal process to begin documenting costs for cost recovery purposes. As we discussed on our call, cost documentation is an ongoing and continual process for EPA. As a government agency, EPA must keep accurate records of costs incurred, including costs associated with cooperative agreements.

If you have additional questions about documentation required for cost recovery, contact Elizabeth McKenna in our office of Regional Counsel. She can be reached at (206) 553-0016.

Sincerely,

Sheila Eckman, Manager
Site Cleanup Unit 3
Office of Environmental Cleanup

Sally Thomas, Manager
Tribal Trust and Assistance Unit
Office of Ecosystems, Tribal and Public Affairs

cc: Helen Bottcher, ECL
Jim Zokan, ETPA
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