

Fundamentals (2.a): Cost Recovery

Comprehensive Cost Recovery Policies and Procedures

Develop a set of comprehensive policies and procedures to maximize DTSC's recovery of past, present and future response costs.

Goal: Maximize the recovery of DTSC's past, present and future response costs by developing a set of comprehensive policies and procedures addressing all phases of DTSC's cost recovery process.

DTSC incurs direct cleanup costs and oversight costs (collectively, response costs) in remediating contaminated properties. DTSC is authorized to recover these costs from responsible parties (i.e., those parties responsible for the contamination). DTSC's cost recovery efforts, however, have been impeded by the lack of updated cost recovery procedures that clearly define the roles and responsibilities of all DTSC staff with respect to the cost recovery process. As a result of these impediments, a portion of DTSC's past response costs either have not been billed to billable or responsible parties or have been billed, but remain uncollected. Having procedures in place will improve DTSC's cost recovery billing process and avoid future accumulation of unbilled and billed but uncollected costs.

There are four components related to these procedures:

- (1) Cost Recovery Procedures:** Immediately develop cost recovery procedures that clearly outline the roles and responsibilities of DTSC Cleanup Program, administrative, legal, and support staff with respect to cost recovery, which procedures will form the foundation for a comprehensive Cleanup Program cost recovery policy.
- (2) Comprehensive Cost Recovery Policy:** Create a comprehensive cost recovery policy that clearly defines the roles and responsibilities of all DTSC Cleanup Program, administrative, legal, and support staff with respect to cost recovery. The comprehensive cost recovery policy will use the previously developed cost recovery procedures as a foundation and will be established in accordance with DTSC's Policy Document Guidelines, DTSC-OP-0001.
- (3) Training:** Develop and complete training regarding comprehensive Cleanup Program cost recovery policy and procedures for appropriate DTSC staff.
- (4) Performance Metrics:** Establish performance metrics to evaluate the effectiveness of DTSC's comprehensive Cleanup Program cost recovery policy and procedures, including an evaluation of response costs incurred by DTSC and recovered from responsible parties.

Timeline:

Phase I: April – June 2013

- Develop and issue the following updated/new cost recovery procedures:
 - Site Code and Project Code Origination
 - Recovery of Pre-Agreement Development Costs
 - Invoicing
 - Collection Letters
 - Site and Collection Activities Summary (DTSC Form 1479)

- Commence training on procedures

Phase II: July – September 2013

- Revise and update cost recovery procedures based on feedback received during comment period.
- Develop the following updated/new cost recovery procedures:
 -
 - Administrative Site Management
 - Site Screenings
 - Site Code and Project Code Origination
 - Memorandum of Agreement (MOA) Process
 - Voluntary Cleanup Program Agreements
 - Orders
 - Potentially Responsible Party Searches
 - Classifying 'Orphan' Sites in the Cost Recovery Billing System
 - Suspension and Termination of Voluntary Cleanup Program Agreements
 - Operation and Maintenance Agreements and Financial Assurance Requirements
 - Site Completion
 - Administering Land Use Covenants
 - Daily Log and Cost Recovery Billing System Closure
 - National Priority List Sites
 - Department of Defense and State Memorandum of Agreement
 - Invoicing
 - Invoice Disputes
 - Payments
 - Collection Letters
 - Site and Collection Activities Summary
 - Payment Agreements
 - Ability to Pay Determinations

- Bankruptcy Notices
- Lien Placement
- No Further Cost Recovery Action (NFCRA) Determinations
- Cost Recovery Referrals to the Office of Legal Counsel
- Cost Recovery Referrals to the Attorney General's Office

Phase III: October 2013 – March 2014

- Finalize (Oct. 2013) and issue (Nov. 2013) the updated/new cost recovery procedures.
- Nov. 2013 – Jan. 2014 - Develop training for cost recovery procedures.
- Feb. 2014 – Mar. 2014 - Deliver training on cost recovery procedures.

Next Steps: April 2014 – December 2014

- Apr. 2014 – June 2014 - Draft and issue comprehensive Cleanup Program cost recovery policy.
- Establish performance metrics.
- Develop and deliver training regarding comprehensive Cleanup Program cost recovery policy for appropriate DTSC staff.