



**DEFENSE ENVIRONMENTAL RESTORATION PROGRAM
FOR
FORMERLY USED DEFENSE SITES
(DERP-FUDS)**

Policy and Planning Update

Army Environmental Cleanup Workshop

San Antonio, TX

31 Jan 06



FY06 Funding



FY06 POM With Plus-Up (Public Law 109-148)

President Budget **\$221,921K**

Congressional Plus Up **\$ 35,000K**

POM before DoD Adjustment **\$256,921K**

Adjustment by DoD **- \$ 3,159K**

(Congressionally directed reductions
as levied across the entire DoD budget)

POM as of Jan 06 **\$253,762K**



FY06 Funding Shortfall



POM as of Sep 05 (DCDI_32)	\$ 261,921K
POM as of Jan 06	<u>\$ 253,762K</u>
POM Shortfall	\$ 8,159K
DSMOA-CA 12-6-6	
Payment Shortfall	<u>\$ 6,000K</u>
Total Shortfall	\$ 14,159K

Release of DASA-ESOH Contingency in 2nd Qtr

- \$1.7M for SMAP & DASA-ESOH Contract Support
- **\$2.5M for priority projects and DSMOA-CA payment**

\$5.8M held by DASA-ESOH for later distribution



FUDS Project Phase Completions by RBC

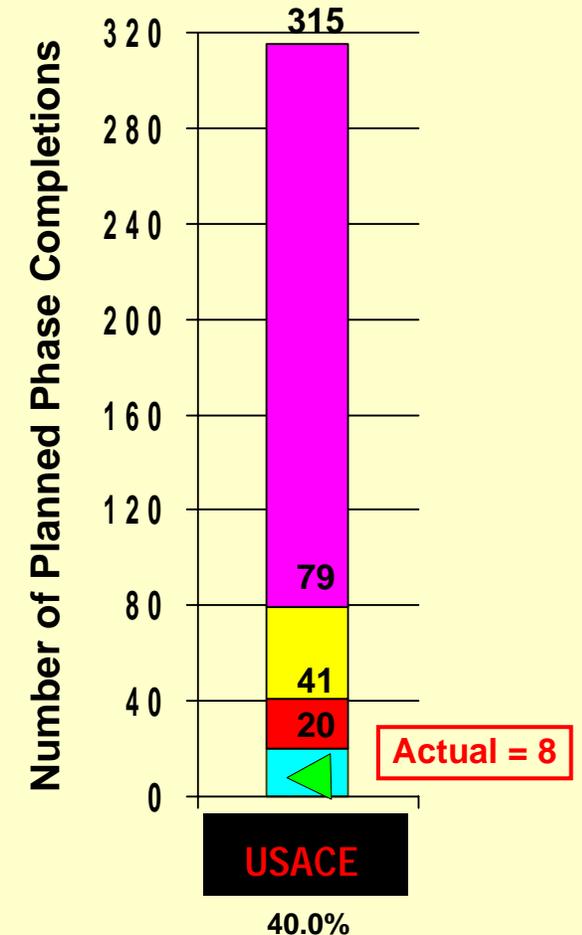
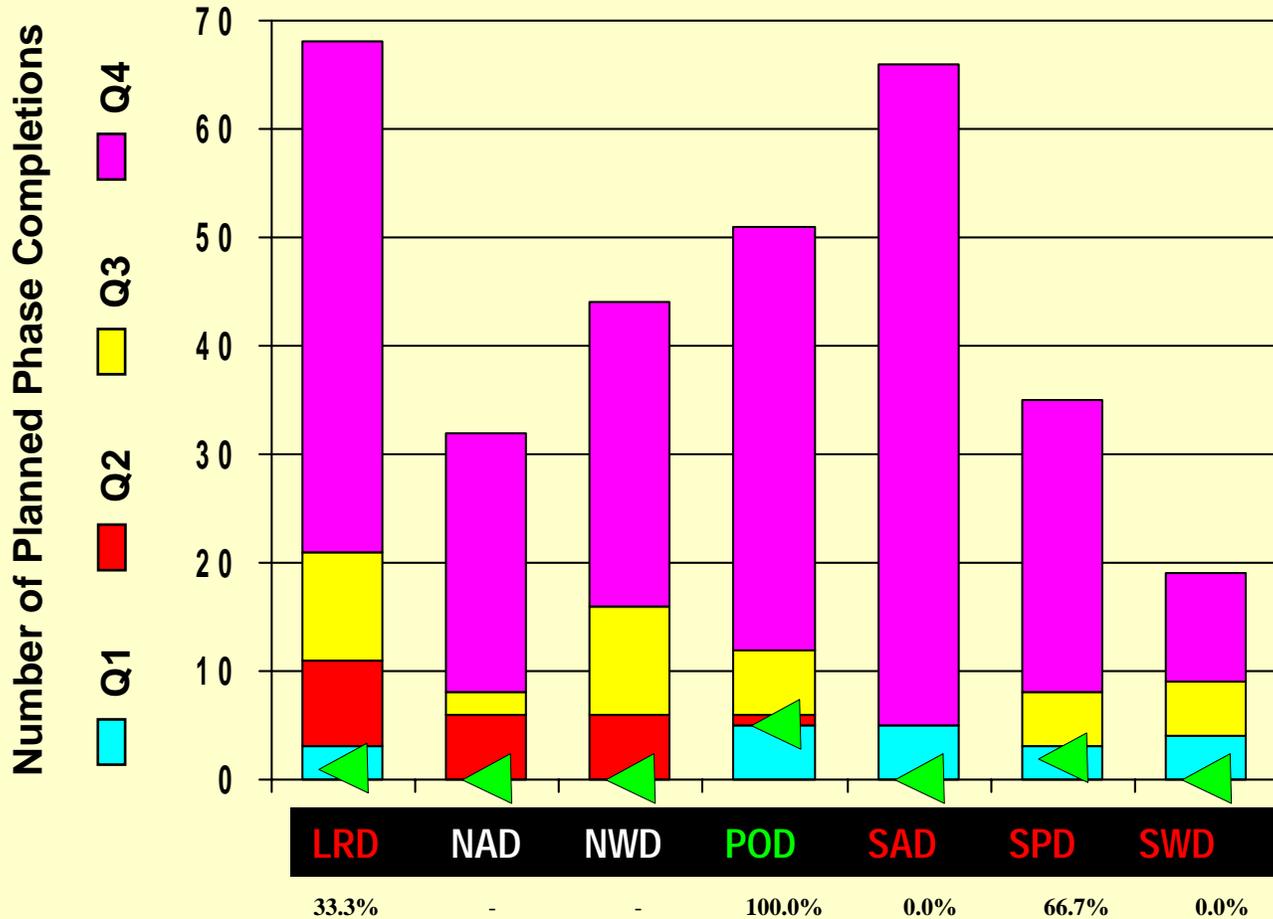


Goal: Achieve 100% of planned number of phase completions in the baseline

Metric: Number of Actual over number of planned in the baseline

Ratings: Green: $\geq 90\%$; Amber: $\geq 80\%$ to $< 90\%$; Red: $< 80\%$; White = 0 / 0

Current Qtr Rating ■



Actual Phase Completions



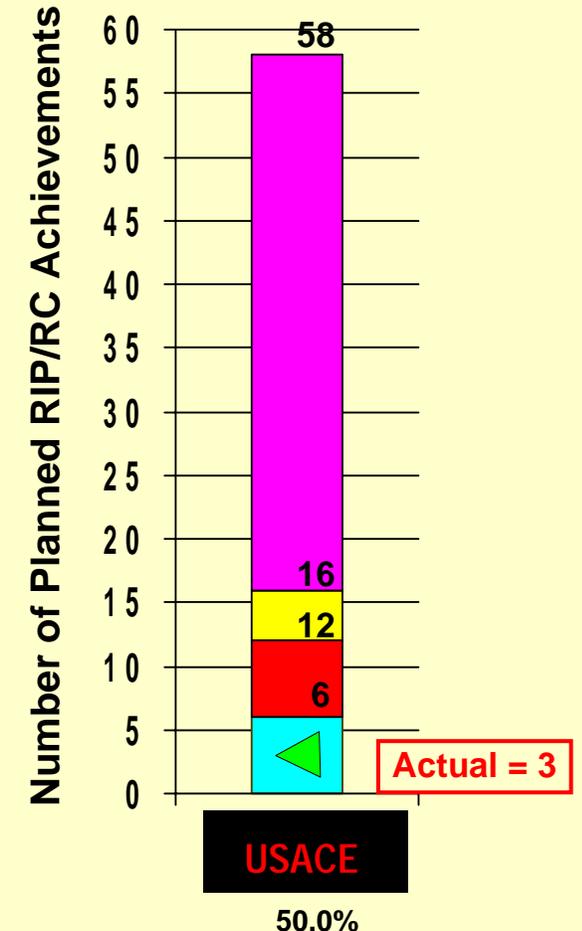
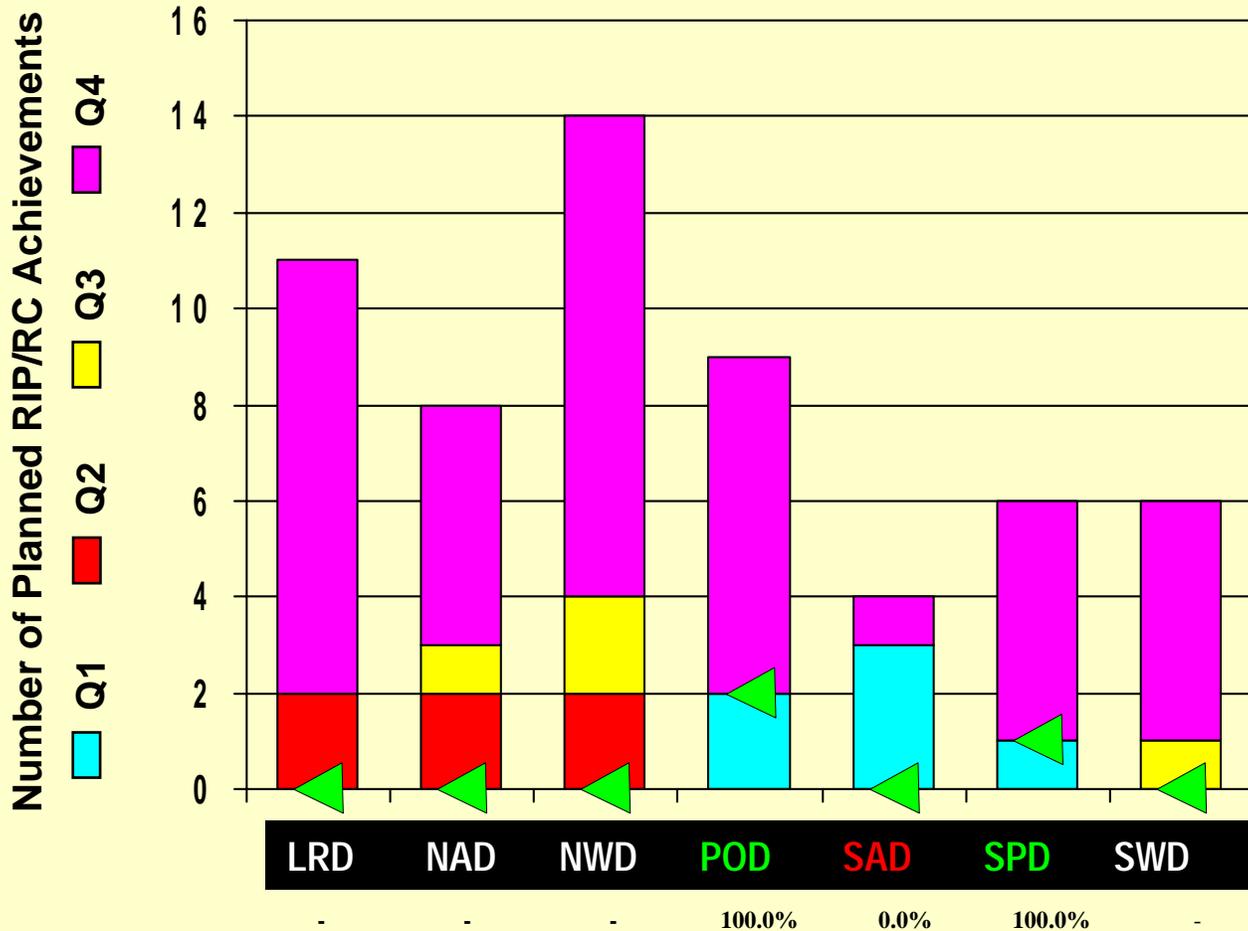
FUDS Project RIP/RC Achievements by RBC

Goal: Achieve 100% of planned number of RIP/RC achievements in the baseline

Metric: Number of Actual over number of planned in the baseline

Ratings: Green: $\geq 90\%$; Amber: $\geq 80\%$ to $< 90\%$; Red: $< 80\%$; White = 0 / 0

Current Qtr Rating 



Actual RIP/RC Achievements

U.S. Army Corps of Engineers -- Formerly Used Defense Sites



FUDS PBC Obligation Status by RBC

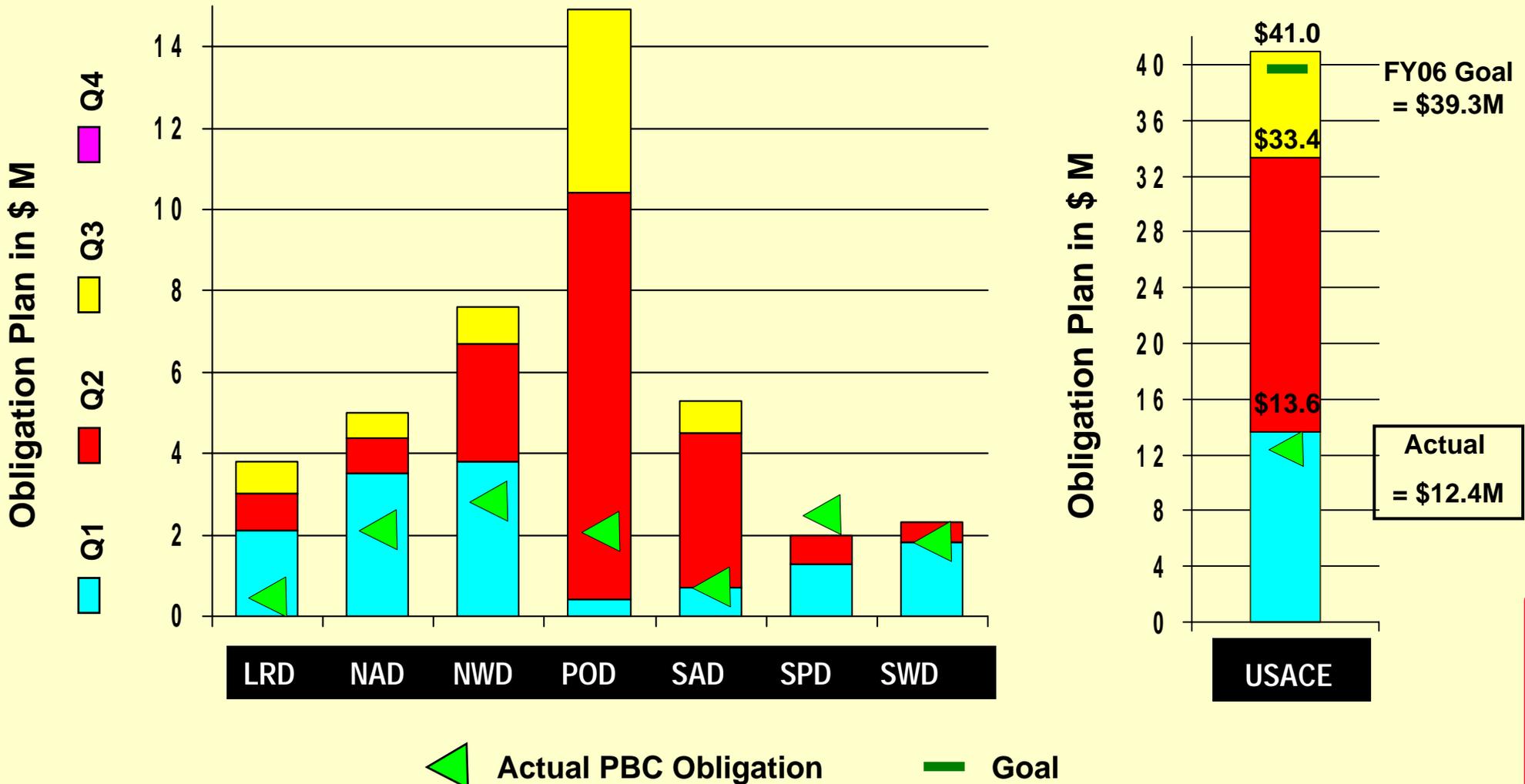


Performance Based Contract (PBC) Obligation Goal: Obligate at least 15% of the FUDS FY06 program.

FUDS Policy: All contracts must be planned by 3rd quarter. There will be no 4th quarter contract planning.

This chart displays each RBC's PBC planned in the baseline vs actual obligation status.

For Information





FUDS Program POM



DoD Allocation	FY06	FY07	FY08	FY09	FY10	FY11
ER, FUDS (Jun 04)	221,921	231,873	244,717	251,148	257,215	263,473
ER, FUDS (Aug 04)	221,921	233,476	245,956	252,242	260,132	266,405
ER, FUDS (Jan 05)	226,993	239,302	252,399	259,098	267,465	274,183
ER, FUDS (Jan 06)	253,762	242,790	256,145	262,973	271,555	278,590



FUDS PPBES



- **FY06 CTC update must be completed by 31 Mar 06, which will be scrutinized by auditors**
- **FY07 FUDS PDI will be issued in Apr 06 and FYDP/LCP will be completed by RBCs NLT 30 Jun 06**
- **FY07-11 RBC POM will stay frozen as previously recommended by the POM Allocation PDT, unless adjusted by reallocation of \$25M/yr MMRP-SI set-aside**
- **FUDS environmental liability reports and FY07 Annual Work Plan will be derived from the FYDP/LCP**



FY06 RBC Quality Management Plan



- **RBC Quality Assurance Management Plan (QAMP)**
 - **Records Management**
 - **CTC Estimating**
 - **FUDSMIS Data**
 - **Independent Technical Review**
 - **Current-Year Measurement**
 - **Prior-Year Report and Assessment**
- **FY06 RBC QAMP shall be submitted to CEMP-DE by **14 Feb 06****
- **District Quality Control Management Plan (QCMP)**
 - **PDT Outline Developed in Jan 05 should be used**



FUDS Policy Issue

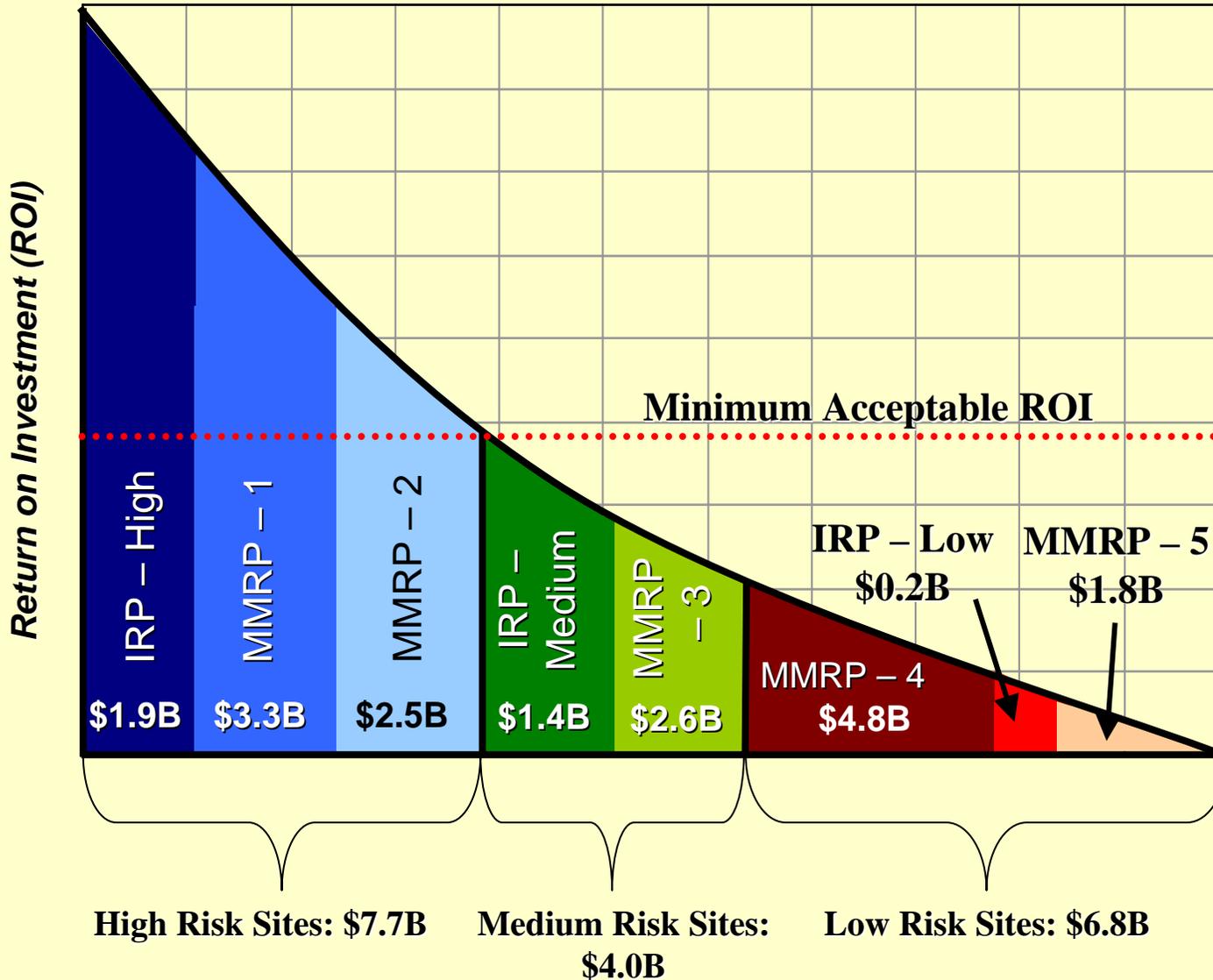


Vapor Intrusion

- **Formal DoD or Army vapor intrusion policy has not been established**
 - **EPA does not regulate indoor air quality**
 - **DoD and EPA have been talking at high levels**
- **Perform limited sampling based on typical conditions in the building is allowed to assess current or future risk**
 - **CalEPA toxicity values should be used for assessing risk when TCE is a contaminant of potential concern**
 - **Cost of selected remedy should be compared against cost of LTM**
- **FUDS will continue notifying HQDA/DoD of any regulatory demands**



Optimal Return on Investment in FUDS



- High risk properties are highest exposure to cost increases. Therefore, DoD can maximize ROI by cleaning-up highest risk sites first.
- Army believes that ROI for medium and low risk sites is less than the minimum acceptable ROI for FUDS program

Note: These CTC estimates include management costs

2/21/2006

U.S. Army Corps of Engineers -- Formerly Used Defense Sites



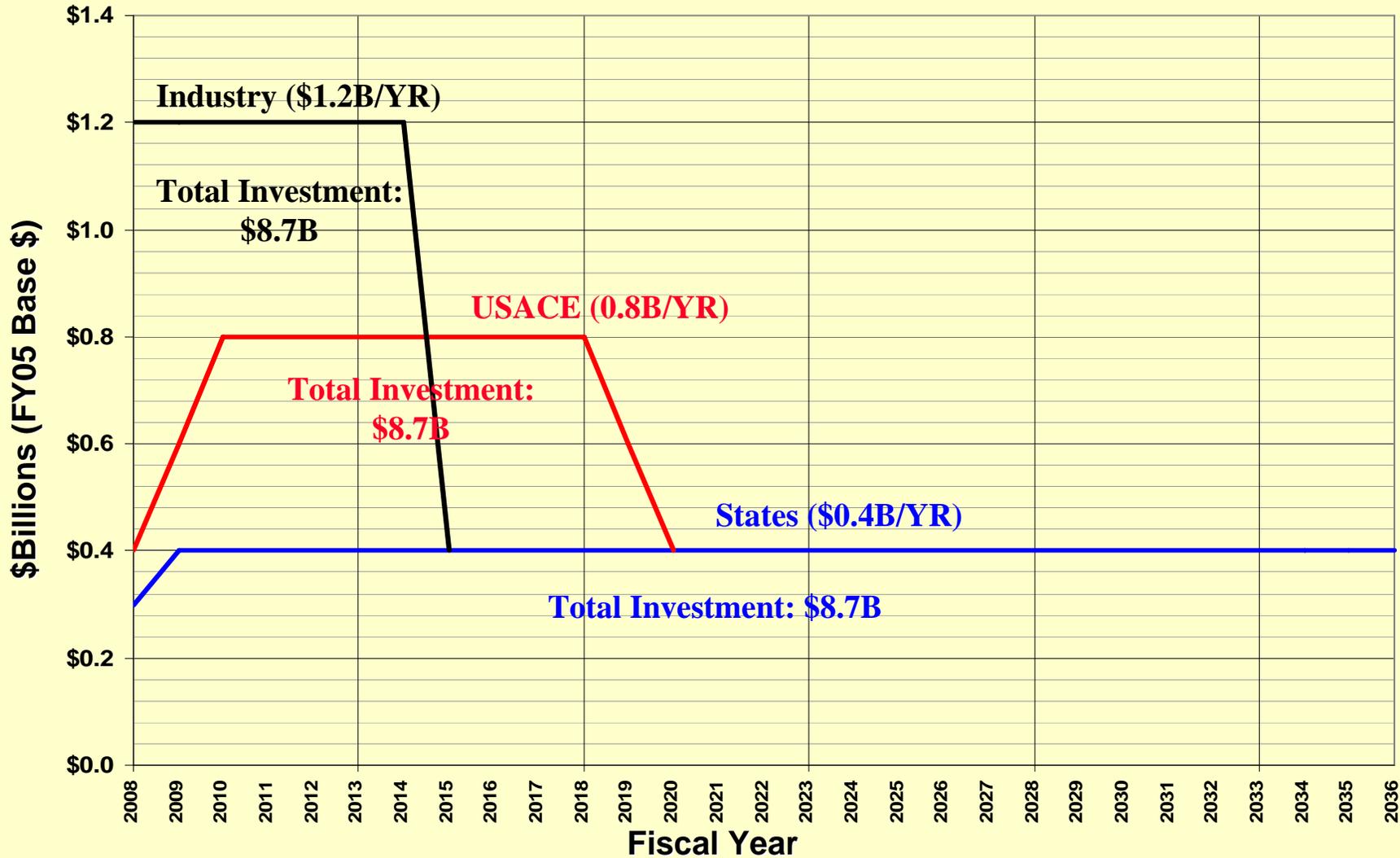
Maximizing Return on Investment through Reduction in Risk



- Investment focuses on High Risk properties across the FUDS program
 - Cost to Complete for High-Risk FUDS properties:
 - IRP High Risk projects = \$1.9B
 - MMRP RAC-1 projects = \$3.3B
 - MMRP RAC-2 projects = \$2.5B
 - Total High Risk projects = \$7.7B
 - Add \$1.0B to also clean up lower risk projects located on high risk properties
- **Optimum investment in FUDS is \$8.7B**



Investment Constraints



The limiting constraint is capacity of states to oversee and monitor FUDS work: \$400 million/year



HQDA Recommended Funding Increase for Reduction in Risk



- **DoD can reduce risk to human health, safety, and the environment; financial liabilities; and public and congressional pressure through an increase in funding for the FUDS program**
 - **The optimum FUDS investment is \$8.7 billion**
 - **Capacities (regulatory oversight, contracting, USACE execution) constrain any proposed funding increase to \$165 million over the current investment**
 - **Additional investment results in diminishing returns**
 - **An increase of \$165 M/yr reduces time to complete by 24 years for high risk projects and 31 years for all projects**
- **Recommend increasing FUDS funding by \$165M/yr for FY08 & beyond**



Survey of Economic Returns on Investment in FUDS



- **Purpose of the survey is to obtain credible information on potential returns in terms of decreased costs or risks from accelerating investment in FUDS**
- **Sampling size will be limited to 200 projects**
 - **106 HTRW projects (72 High, 18 Medium, 16 Low)**
 - **94 MMRP projects (80 RAC-1&2, 8 RAC-3, 6 RAC- 4)**
- **There will be 12 questions for each project on:**
 - **Health and safety risks**
 - **Environmental risk**
 - **Political and regulatory risks**
 - **Economic development**
 - **Cost to complete**
 - **Past investment in FUDS**



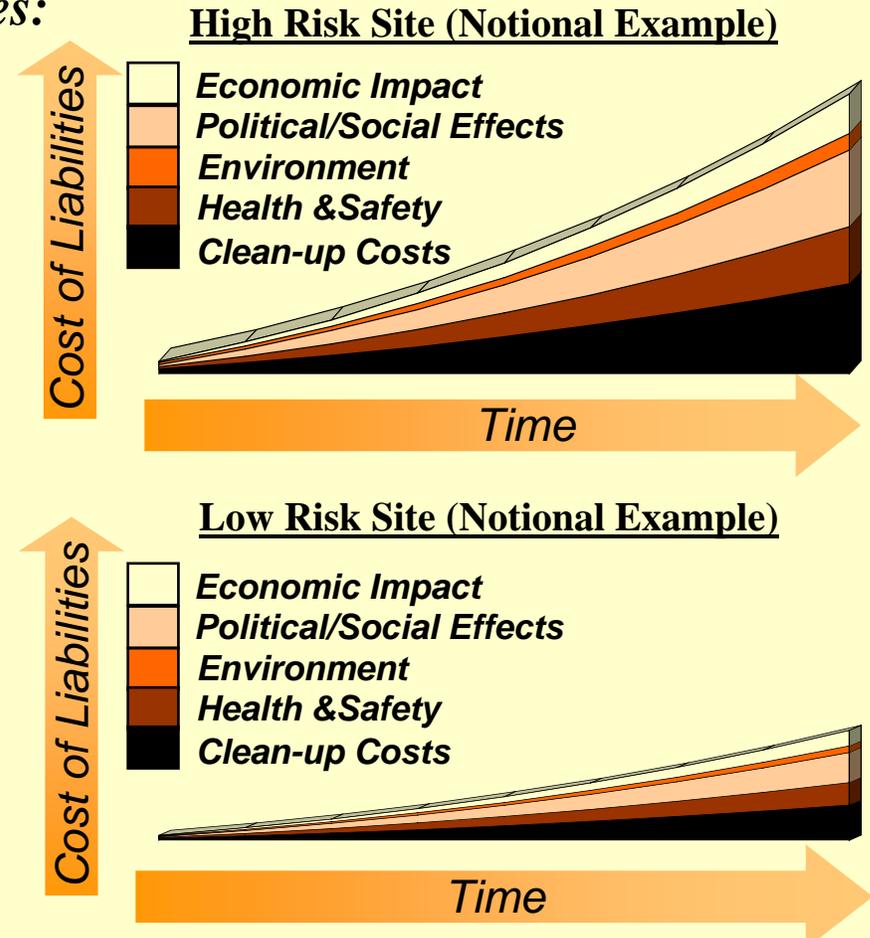
Risks and Return on Investment



• Potential liabilities at FUDS:

- Threats to public health (migration of contaminants) and public safety (MMRP hazards)
- Economic viability (negative economic impacts from restrictions on land use)
- Legal costs
- Political/Social pressure
- Rising real costs of remediation

Over time, the costs of these potential liabilities will increase, at a faster rate for higher risk sites:



For many projects, cost savings may be achieved by cleaning-up the site earlier

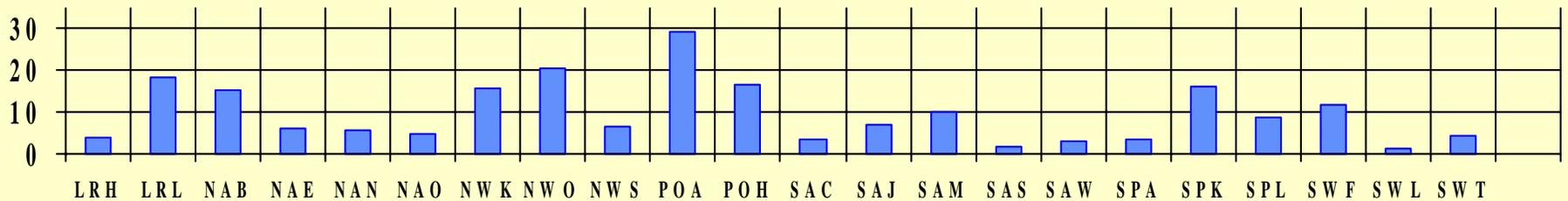
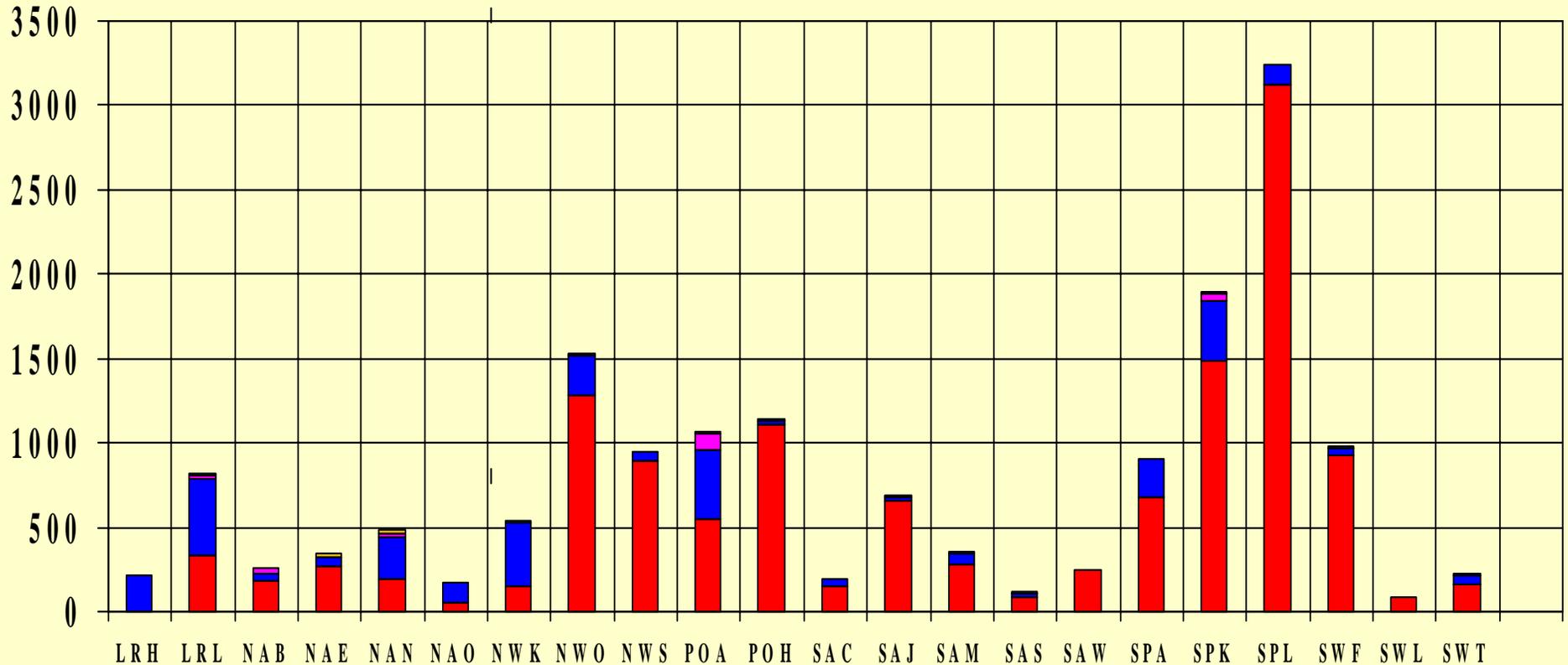


FUDS FY06 CTC by District (In \$M)

Total CTC = 16.5B Without M&S



■ OEW & CWM
 ■ HTRW
 ■ CON/HTRW
 ■ BD/DR
 ■ Other



■ FY06 (\$M)

FY06 data source: DCID 32 (8 Sep 05)

CTC data source: DCID 32 (8 Sep 05)