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Collection/Office of Origin: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files

OA/ID Number: 29155
Folder ID Number: 29155-004

Folder Title:
Environment - General 1991 [3]: Superfund

Stack:	Row:	Section:	Shelf:	Position:
G	15	25	1	7

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	From Robert Grady to John Sununu Re: Superfund ARCS Administrative Cost Study (1 pp.)	9/30/91	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Environment - General 1991 [3]
 Superfund

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 10/23/05

Date Closed: 1/4/2005	OA/ID Number: 29155-004
FOIA/SYS Case #: 1998-0004-F[2]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 30, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: Robert E. Grady
Associate Director,
Natural Resources, Energy & Science
OMB

REG

RE: Superfund ARCS Administrative Cost Study

OMB has long been concerned about the excessive proportion of administrative costs in the Superfund program. In each of its budget passbacks during the Bush Administration, OMB has sought to increase the proportion of funds devoted to cleanup and limit the proportion devoted to administrative and overhead expenses, in the context of increasing funds for the Superfund program in the President's budgets. It should be noted that Congress has cut the President's request for Superfund in each of the last three years.

OMB was therefore supportive and eager to be of assistance when the President directed that a task force be established to examine the allegations of excessive administrative costs associated with Alternative Remedial Contracting Strategy (ARCS) contracts. At the time the task force was created by Administrator Reilly, OMB asked to be involved with the task force. I personally asked to be made a member of the task force. As you know, however, OMB was not involved in any way with the task force and no OMB personnel were members of the task force.

Because OMB and the White House were not involved in any way in the detailed work of the task force, I do not believe it will be possible to give the report a careful review in advance of the Administrator's desired announcement date of October 2nd.

The task force's work involved detailed analysis of actual contracts and field work designed to gain more insight about how the contracts have operated to date. Because we at OMB were not involved in this work, I do not believe that, in the time available, OMB can reliably certify that the task force's report is accurate or that its conclusions can be supported.

We will of course continue to press for program reforms and adequate funding for Superfund in order to ensure that sites are cleaned up as quickly as possible, as the President has directed.

cc: Administrator William Reilly, EPA
Ede Holiday, Assistant to the President & Secretary of
the Cabinet
Al Hubbard, Director, Council on Competitiveness

Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02a. Memo	From Haley Barbour to John Sununu Re: Superfund (2 pp.)	9/20/91	P /5	

Collection:

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Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
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*Rec'd
on Friday*

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MEMORANDUM TO GOVERNOR JOHN SUNUNU

THE CHIEF of STAFF
has seen

FROM: Haley Barbour *HB*

DATE: September 20, 1991

RE: Superfund

Attached herewith please find a copy of an OpEd piece from the September 6 Washington Post about the need to reform Superfund as well as a copy of my January 1991 and November 1990 memoranda urging you to set up a task force to consider the comprehensive reform of Superfund.

It is very important that environmentalist like Jessica Mathews are now openly advocating reform of Superfund's liability system. She is right in saying the current liability system impedes cleanup and vastly increases the cost of the program.

The people want cleanup, and that is the political issue. In 1992 the Democrats expect to attack us on our failure to cleanup more than a handful (less than 4 percent) of National Priority List Superfund sites. We will get the blame for non-feasance, when the truth is the liability system itself is the principle inhibitor of cleanup. We need to get ahead of the curve if we are to defend ourselves.

When you had an EPRG Superfund task force formed earlier this year, I thought it would both lay the groundwork for this defense and undertake a comprehensive review of Superfund, particularly the liability system's effects on cleanup and cost. So far that task force has only met one time. While I know Grady and all of the people over there have more to do than they can say grace over, events dictate this task force immediately needs to go to work.

It had been hoped that a simple extension of CERCLA in 1990 would keep the issue off the table. Unfortunately, that has not been the case. Three big issues have kept Superfund before Congress and the Administration this year:

1. Lender liability reform,
2. Municipal/local government liability exemption, and
3. Dingell's attack on the Administration for inflating the number of sites cleaned up.

It is not in our best interest, politically or policy-wise, for Superfund to be piecemealed. This is particularly true where piecemeal changes make us even more vulnerable to attack.

The municipal carve out is a good example. It is very attractive at first blush; however, it contains both political and policy problems. Politically, it only helps a portion of municipalities. It is not hard to see why Lautenberg and Torricelli support this carve out. Municipalities in New Jersey simply generate waste and transport it to sites, which are mostly out of state; such municipalities would become exempt from Superfund liability. On the other hand, municipalities who generate waste and dispose of it in landfills they own and operate would still be subject to liability; therefore, these municipalities continue to be liable even though alot of them are the recipients of waste shipped in from places like New Jersey! (By the way, 138 of the Superfund sites on the National Priority List are owned and operated by municipalities, which would not benefit from this carve out.)

The municipal carve out, in addition to not helping thousands of municipalities, also raises broad but technical policy issues about joint and several liability, toxicity and allocation of cleanup costs. These questions should not be addressed in the narrow, political confines of an argument over municipal liability.

My goal is to keep the Administration ahead of the curve on politics and policy. I hope you will urge this Superfund task force to try to get in control of this one.

Withdrawal/Redaction Sheet

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02b. Article	From Washington Post, "Superfund Boondoggle" (1 pp.)	9/6/91	P-5	

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FRIDAY, SEPTEMBER 6, 1991 A21

Jessica Mathews

Superfund Boondoggle

Is your community facing a military base closing that will slash employment? Are you a weapons manufacturer confronting falling Pentagon budgets? Or a lawyer or engineer looking for lucrative new fields of work? Whether it's pain relief or profits you need, the answer these days is too often the same: Don't take two aspirin; get into hazardous waste cleanup.

Cleaning up the country's tens of thousands of chemical and radioactive waste sites is threatening to become an exorbitant boondoggle. After Love Canal, Valley of the Drums and Times Beach, hazardous waste removal became a national crusade. By ill luck, it began just in time to help take the sting out of military budget cuts.

Neither the civilian nor the military cleanup efforts have a clear idea of how clean and safe the sites should be made. This snarl already tangled litigation and provides a convenient cover for bloated budgets. The whole endeavor could end up devouring resources out of all proportion to the health and environmental risks involved.

The sums at stake are enormous. The likely cost for the Pentagon's 11,000 potential sites is \$100 billion to \$200 billion. The estimated bill for the Department of Energy's nuclear weapons production facilities and national laboratories is \$300 billion. One site alone, the Hanford Nuclear Reservation in Washington, is projected to cost \$30 billion to \$50 billion. The military cleanup is costing \$7 billion this year—considerably more than EPA's entire budget.

The eventual cost of the civilian Su-

perfund project is seen as at best a necessary, diversion from the military's mission—a natural attitude, but one that does little to encourage enthusiastic management or tight supervision of contractors. With so much money sloshing around, there's an invitation to waste and abuse.

Excesses extend to present practices as well as past. Visiting a national laboratory this summer, I watched a researcher toss a tissue that had been moistened with a few drops of acetone into a hazardous waste container. He knew that the acetone had evaporated and the tissue was no more hazardous than a piece of used Kleenex, but he was following new Energy Department regulations enforced by visiting "tiger teams" as fanatical in their cause as Ayatollah Khomeini's morals police.

A year ago Congress reauthorized Superfund without debate. No one had the stomach to look too closely at a program so popular at home that had so little to show for all the money being spent. But now a useful discussion of how to remedy the program's shortcomings is beginning. It promises to be political dynamite.

Liability has to be reexamined. Superfund rests on the popular notion that the polluter should pay. But continued homage to a theory is less important than the reality that indirectly everyone is paying, and no one has money to burn. Fairness can be served and egregious wrongdoers punished without spending half, or even one-fifth, of a cleanup program's costs in the courts.

Even tougher questions surround the

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02c. Memo	From Haley Barbour to John Sununu Re: Superfund (1 pp.)	1/29/91	P/5	

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HALEY BARBOUR

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MEMORANDUM

TO: Governor John Sununu
FROM: Haley Barbour
DATE: January 29, 1991
RE: Superfund

In November I wrote you suggesting the formation of a DPC task force on Superfund. (See attached copy.) I am more convinced than ever that recommendation is correct.

There have been some who have felt the Lautenberg extension of CERCLA would take Superfund off the table until the second term. That is a mistaken view, in my opinion.

Two very important developments virtually guarantee this Congress will consider amending the act.

First, the bankers are actively pursuing a lender liability exemption. They have substantial support on the Hill, and they have met with Treasury, where they feel there is a sympathetic ear. I understand Treasury has made OMB aware of these meetings. The bankers and other financial institutions, including RTC, make a strong argument they should get a legislative fix, and they say they will not settle for an EPA rule as a solution.

Second, local governments are pushing for a solution to the fiscal problems created for them by virtue of two recent court decisions (see attached BNA article) holding municipalities liable for their proportionate shares of gigantic cleanup costs. These folks feel they must have a legislative solution, and their organizations are already on board.

These two groups can get the issue addressed on the Hill. Whether they will or should succeed in becoming exempt is another matter, but they can make sure Superfund legislation comes before Congress this session. In view of that I again urge you to establish a White House (DPC) Superfund task force to consider CERCLA on a more comprehensive basis. If these groups succeed in getting exempt from liability, other industries must bear more of the burden. Additionally, the chances for clearly needed overall reform are greatly diminished.

Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02d. Report	From Haley Barbour Re: Superfund (3 pp.)	n.d.	P5	

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SUPERFUND

At the urging of Senator Lautenberg (D-NJ), the budget reconciliation package included an extension of the taxing authority for Superfund through 1995 (\$1.7 billion per year) plus a reauthorization of the act through 1994. As I understand it, EPA, OMB and OPD supported an extension through 1993, which would have assured an orderly policy review of the existing liability system and a comparison to other possible financing schemes..

As chairman of the Senate Subcommittee on Superfund, Ocean and Water Protection, Senator Lautenberg's jurisdiction includes mostly Superfund. Annually, the Subcommittee holds at least one oversight hearing to criticize EPA and the Administration for its poor record of enforcement and clean-up. The Administration until recently has not been in a position to discuss problems that are created by the statute. Lautenberg's bully pulpit approach to oversight plays well in New Jersey. You should expect Senate hearings in 1991 and 1992. With a new Subcommittee Chairman to replace retiring Congressman Luken, hearings are also anticipated on the House side.

BACKGROUND

In response to public outrage over hazardous waste sites such as Love Canal, New York and Times Beach, Missouri, Congress passed the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) in 1980. CERCLA required EPA to identify old hazardous waste sites and clean them up quickly. The money was to be raised two ways: 1) through a trust fund, known as Superfund, of \$1.6 billion raised over five years, principally from taxes on oil and chemicals, (in 1986, Congress amended the statute and extended the taxing authority for another five years, raising \$8.5 billion through a combination of taxes), and 2) from the polluters at each specific site for clean-up costs.

Intended to be the nation's hazardous waste clean-up law, Superfund has failed to clean-up much of anything. After a decade of operation and the expenditure of billions, fewer than 4% (53 of 1400) of the sites on the National Priority List have completed clean-up. This miserable record is not a product of poor performance by the Administration (Lautenberg's hearings notwithstanding), it is the result of a "make the polluters pay" system that sounds good in theory but doesn't work in practice.

Under Superfund, the scope of persons potentially liable goes far beyond those who actually mismanaged waste. The potentially responsible parties (PRPs) under the statute include not only the owner or operator of the waste site but also anyone who sent waste to the site as well as the transporter who delivered the waste. PRPs can be liable under Superfund even if they did not violate any existing disposal laws or act in an irresponsible way. Further, because liability is joint and several, any one PRP can be responsible for clean-up of the entire site. Numerous commentators have noted that "fairness" and "Superfund" do not coincide. Over the years, liability has been applied to any owner of the land, even after all waste disposal activity has stopped, and even to secured lenders who might have affected waste disposal activities. Under this scheme, RTC, land developers and certain municipalities have become PRPs simply because they had the misfortune to acquire and use land which was contaminated decades ago.

The number of PRPs at a site can be staggering. At 463 sites, EPA has notified more than 14,500 PRPs. These PRPs, in an attempt to shift or dilute their liability, have in turn notified thousands more (at one municipal waste site, EPA identified 183 parties, who then identified 4000 others). Many of these PRPs have sued insurers under policies issued decades ago attempting to shift their liability. The search for persons to pay for clean-up and the resulting litigation has wasted valuable private sector and public sector resources as well as created an adversarial setting that is counterproductive to prompt and effective clean-up. Experts estimate that 30%-60% of the total cost for Superfund has gone for these transactional costs rather than to clean-up.

Many municipalities, lenders, insurers, land developers, manufacturers and other businesses feel the brunt of Superfund liability daily. At the same time, the American public assumes that the lack of progress at Superfund sites is due to bad faith on the part of the Administration. With the likelihood that the number of waste sites will double over the next five to ten years an unknown future liability also haunts the business community.

Our critics formerly attributed the failure to clean-up Superfund sites to lax and bad faith enforcement by the Reagan Administration. They reformed CERCLA in 1986 because they felt we weren't trying to make it work. This view has changed. Both Reilly and Assistant Administrator Don Clay both pledged aggressive enforcement of the system during their confirmation hearings, and they are credited with following through and making substantial progress over the last two years. Monies collected from private parties for clean-up have exceeded \$1 billion per year under Reilly and Clay. Still, less than half of all Superfund costs go for clean-up, and the system doesn't allow for much improvement.

RECOMMENDATION: Establish an EPRG task force to assess the current liability based systems. Evaluate its capacity to provide clean-up, the product the American people really want.

The task force for this review should include OPD, OMB, IGA, White House Counsel, CEQ, CEA, Cabinet Affairs, EPA, Justice, Commerce, DOD and DOE. (The last two are impacted by federal facilities.)

The task force should consider alternatives to the existing liability based system. Comparisons should be made to other financing systems, and consideration should be given to the arguments of financial institutions and insurers that the current system inequitably exposes them and others to gigantic claims for damages they did not cause.

Lautenberg got CERCLA extended through 1995, the 7th year of the Bush presidency, if he is re-elected. Our goal should be to advance consideration of the issue to 1993, the first year of the second term, for history tells us the President will be far, far stronger in year 5 than in year 7. I suspect history told Lautenberg that, too!

Superfund needs reforming, and its reform can be a big political plus for George Bush. We just need the timing to favor us, not the Democrats. When Lautenberg attacks this administration on Superfund, as he inevitably will, we should have our ducks in a row and show him what we've done right and what changes need to be made.

THE WHITE HOUSE

WASHINGTON

September 27, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*

SUBJECT: Superfund Review

In preparation for the meeting this morning with Bill Reilly, I thought you would be interested in the brief paper Teresa Gorman sent me last night on this subject. I hope this is helpful.

I will have to leave the meeting at 11:50 a.m. to participate in the "Daily Education Telephone Call" that the Department of Education recently instituted.

Attachment

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Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

THE WHITE HOUSE

WASHINGTON

September 26, 1991

MEMORANDUM FOR ROGER B. PORTER

FROM: TERESA GORMAN

SUBJECT: Superfund Review

On Friday, you are scheduled to meet with Governor Sununu and Bill Reilly to discuss the report EPA plans to release to counter criticism of the Superfund program.

Both sides are attacking the Superfund program. Environmentalists complain that only 63 of the 1245 existing NPL sites have been completely cleaned up, while industry argues that program funds are being squandered on administrative and transaction costs. Furthermore, recent press articles have accused EPA of mismanaging Superfund contractors. This includes supporting excess contractor capacity and paying for unnecessary travel and unrelated expenses, such as business cards. Finally, Dingell has complained of inadequate contractor auditing.

In the FY 1992 budget review, OMB examiners sought to address cleanup concerns by asking EPA to allocate greater spending on cleanup and less on administrative actions. While EPA resisted this request, it formed two internal reviews: (1) a 30-day study on accelerating Superfund cleanups; and (2) a review of EPA's contracting program.

30-Day Study

EPA's major recommendations to accelerate cleanups include:

- Establishing annual targets for completing cleanups at the remaining sites -- 140 sites by end of 1992, 200 by the end of 1993; and 650 by the year 2000 -- and redirecting 100 FTEs in FY 1992 to site cleanup;
- Standardizing planning and remedial selections;
- Requiring potentially responsible parties (PRPs) to begin remedial design before the entry of consent decrees;
- Accelerating the elevation of site-specific issues to top management for resolution; and

- Improving the consistency of risk management decisions at Superfund sites in different regions.

Contractor Review Study

EPA defends the relatively high administrative costs as necessary start-up costs in signing on new contractors. Similarly, EPA's belief in "enforcement first" means that actual cleanup and remedial design has often lagged enforcement actions. According to the agency, however, administrative costs are beginning to decline. In 1989, 40 percent of total costs was spent on program management. This figure has declined to 28 percent in 1990 and is now 20 percent.

Based on its review of the contracting program, however, EPA has committed to take several actions as part of its Alternative Remedial Contractor Strategy (ACRS). This includes:

- Increasing the number of Inspector General audits and increasing the programs own oversight of contractors;
- Reducing contractor capacity in remedial construction by \$2 billion;
- Consolidating overall management of contractor projects; and
- Requiring independent government estimates of project costs before contract bids are evaluated.

UPDATE ON SUPERFUND



September 27, 1991

Purpose of Briefing

- **Background on Superfund**
- **Progress to Date**
- **Facing Up to Criticism**
- **Where Are We Headed?**

Superfund Program -- Background

HISTORY

- **Enacted in 1980 as \$1.6 billion bill**
- **Amended in 1986 as \$8.5 billion bill**
- **Reauthorized in 1990 with extension of tax through 1995 and authorization through 1994**

MISSION

- **To protect public health and the environment from uncontrolled hazardous waste sites**
- **To use enforcement authority to make polluters pay**

EVOLUTION

- **Early program was highly centralized and progress was slow**
- **Reauthorization in 1986 inaugurated some adjustments**
- **1989 Management study resulted in major improvements to process and management**

Superfund Program -- Background

UNIVERSE

- **More than 31,000 potential sites have been identified since 1980 -- most don't need Federal action**
- **1245 sites currently on the National Priorities list**
- **Expect Federal facilities to be fastest growing component on the NPL -- 116 now, will grow to 300 in 2 or 3 years**

EXPENDITURES

- **Through FY 1991, Superfund appropriations total about \$9 Billion**
- **Through FY 1991, Superfund outlays are expected to total about \$6.3 Billion**

Elements of Progress

- 1. Eliminating Immediate Threats**
- 2. Attaining Permanent Cleanup**
- 3. Using Enforcement Effectively**

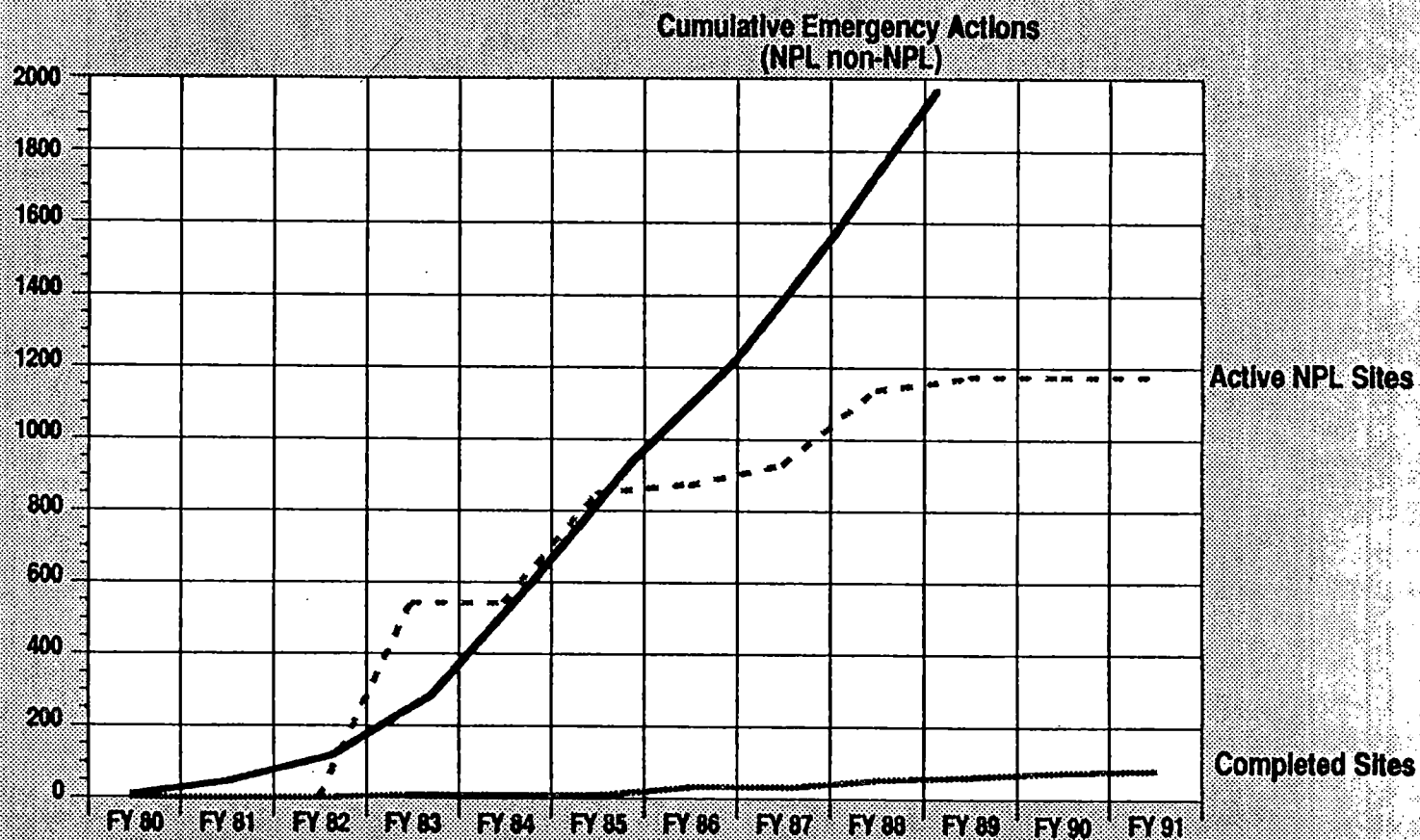
Eliminating Immediate Threats

- **Actions have been taken to protect more than 10 percent of the U.S. population.
(23 million at NPL sites alone)**
- **All NPL sites are assessed every other year for immediate threats. Emergency action is taken when necessary.**
- **Immediate threats have been eliminated at all NPL sites.**
- **Since 1980, over 2,600 removal actions have been taken at over 2,000 sites.**
- **Example of a removal action:**
 - ~ **Radium Chemical, NY. Disposal of thousands of highly radioactive metal "needles", removal of 200 lab reagent chemicals, detonation of shock sensitive ether cans.**

Attaining Permanent Cleanup

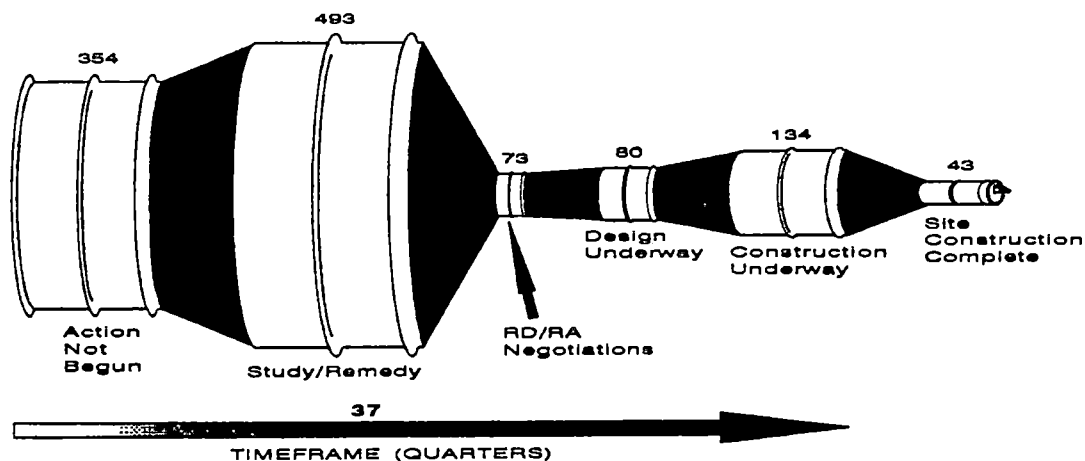
- **63 sites have all construction completed.**
- **Surface cleanup is complete at 196 sites.**
- **Half of NPL sites have construction projects underway or completed.
(614 out of 1,245)**

Progress to Date

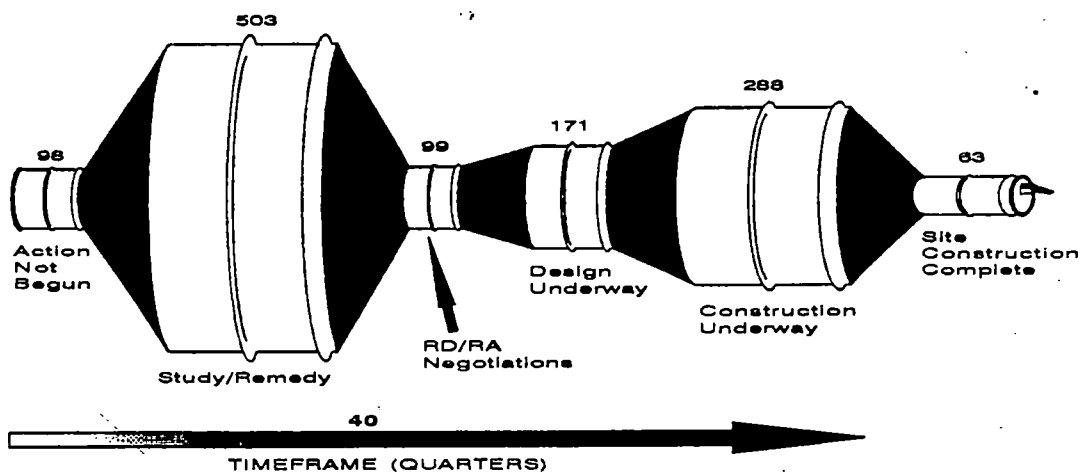


Progress Through the Pipeline

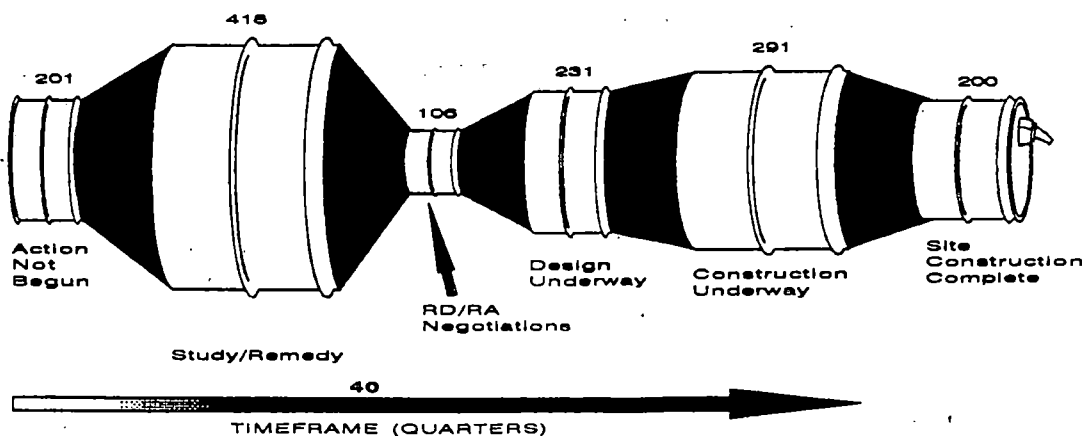
Superfund Pipeline at End of FY'88



Superfund Pipeline as of March 31, 1991



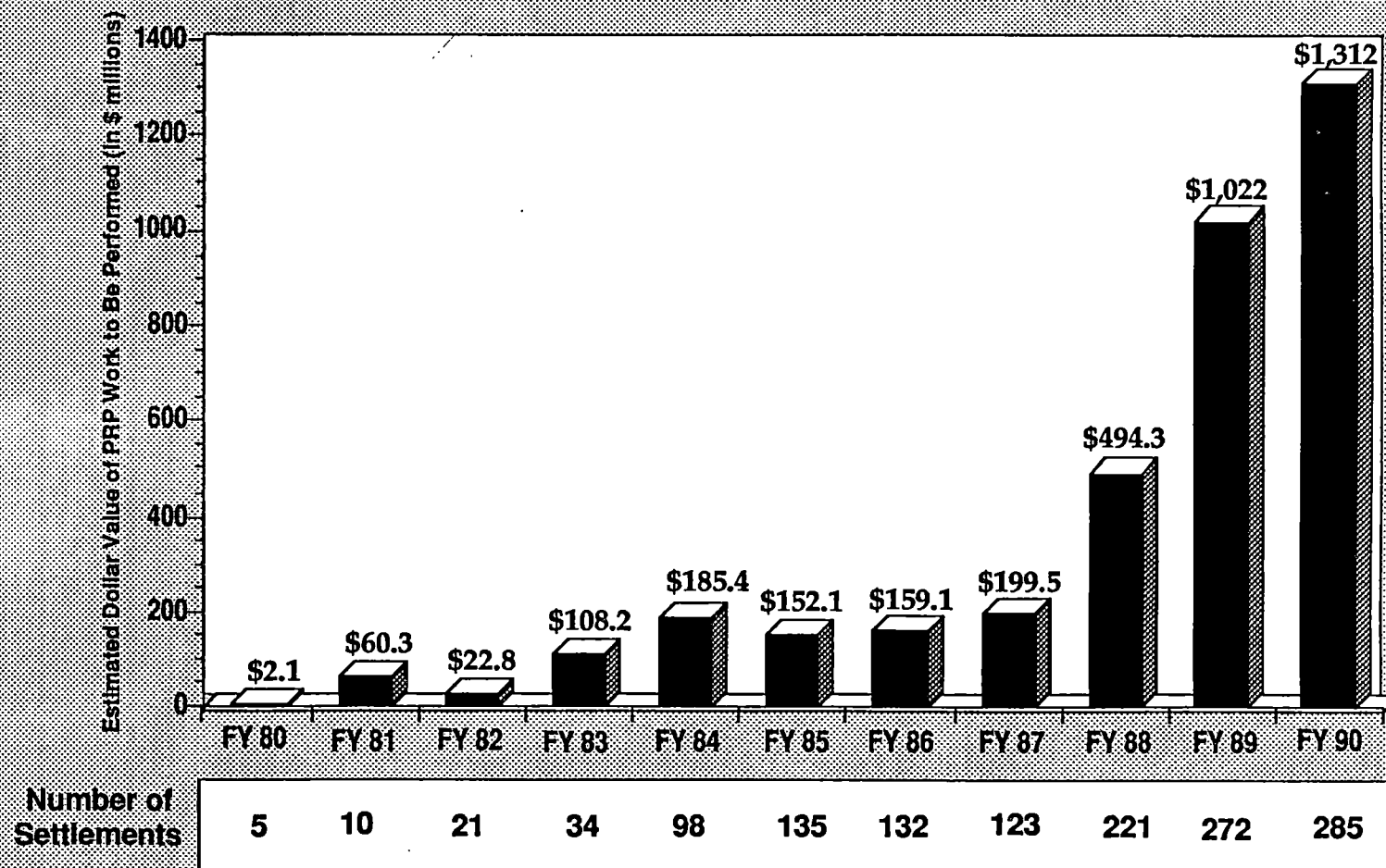
Projected Superfund Pipeline at End of FY'93



Using Enforcement Effectively

- **Dramatic increase over past few years**
- **PRPs now approaching 60% of new remedial actions - up from 38% in FY 88.**
- **Since 1980, total value of PRP settlements nearly \$4 billion - over half obtained in the last two years.**
 - ~ **In FY 90, over \$1.2 million in enforcement actions were produced for each enforcement FTE.**
 - ~ **Investment in enforcement yields a 6 to 1 return (\$200 million budget - \$1.3 billion in value, FY 90).**

"Enforcement First" Has Achieved a Dramatic Increase in Settlements for Response Work



Facing Up to Criticism

- **Cleanup is too slow.**
- **Too many resources are not used for cleanup.**
- **Not enough value is obtained from contractors.**
- **Enforcement is unfair.**
- **Transaction costs are excessive.**

Criticism: Cleanup is Too Slow

Actions:

- **Streamlining process to reduce time by 2 - 3 years (currently takes 7 - 10 years from start of study through cleanup):**
 - ~ **Setting aggressive cleanup completion targets**
 - ~ **Standardizing remedies and investigation procedures**
 - ~ **Speeding up resolution of issues with States and other agencies**
 - ~ **Accelerating private party cleanups**

Criticism: Too Many Resources Not Used for Cleanup

Actions:

- **Appointing a "National Superfund Director" to consolidate management accountability.**
- **Creating a "Central Nervous System" to anticipate problems and correct them quickly.**

Criticism: Not Enough Value from Contractors

Actions:

- **Set up Task Force (ARCS Task Force") to take a hard look at allegations of waste in Superfund contracting.**

Major issues identified:

- ~ **design of contracts**
- ~ **program management costs**
- ~ **financial audit coverage**
- ~ **internal controls**

ARCS Task Force -- Findings and Recommendations

Issue: Design of contracts

Findings:

- Design of contracts did not anticipate enforcement success and increased participation by Army Corps of Engineers
- Excess capacity for remedial construction

Recommendations:

- Reduce contracts capacity by \$2 billion
- Use ARCS Contractors for more design and construction of cleanup

ARCS Task Force -- Findings and Recommendations

Issue: Program management costs

Findings:

- Initial program management costs are too high
- Program management expenses include many direct cleanup activities
- Over the past year, managers have succeeded in greatly reducing program management costs

Recommendations:

- Reduce program management expenses to less than 20% of contract costs
- Terminate poor performers

ARCS Task Force -- Findings and Recommendations

Issue: Financial Audit Coverage

Findings:

- There is inadequate audit coverage to assure that total costs to date (\$265 million) are appropriate
- No incurred cost audits have been completed to date

Recommendations:

- Work with IG to implement program ensuring timely audits for all ARCS contractors
- Increase Contracting Officer review of contractor expenses

ARCS Task Force -- Findings and Recommendations

Issue: Internal Controls in Contracts

Findings:

- There are many internal controls for ARCS
- The controls have not been consistently used across the Regions

Recommendations:

- Identify ARCS contract management as an emphasis area in FY 91 FMFIA report
- Ensure that identified weaknesses are corrected

Criticism: Enforcement is Unfair

Concerns:

- Deep pockets bear brunt of load
- Responsibilities of municipalities unclear

Actions:

- Analyzing Regional enforcement actions -- to date enforcement has been balanced among responsible parties large and small.
- Issued municipal settlements policy; taking further steps to ensure that municipal liability is allocated fairly

Criticism: Transaction Costs are Excessive

Concerns:

- Too much money spent on lawyers rather than cleanup

Actions:

- Sponsoring analyses of transaction cost data
- Streamlining enforcement process
- Taking steps to "cash - out" small contributors quickly

Goals for the Future

- **Increase pace of cleanup completion**
- **Ensure that most of the money goes for cleanup**
- **Continue to ensure that those responsible pay their fair share without incurring excessive transaction costs.**

Where We've Come From and Where We Want to Go

