UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
SOLID WASTE AND EMERGENCY RESPONSE

OSWER Directive No. 9360.0-20

MEMORANDUM

SUBJECT: Required Use of the Removal Cost Management System for all Removal Actions

FROM: Henry L. Longest II, Director
Office of Emergency and Remedial Response

TO: Director, Waste Management Division
Regions I, IV, V, VII, VIII
Director, Emergency & Remedial Response Division
Region II
Director, Hazardous Waste Management Division
Regions III, VI
Director, Toxics and Waste Management Division
Region IX
Director, Hazardous Waste Division
Region X
Director, Environmental Services Division
Regions I, VI, VII

PURPOSE

The purpose of this memorandum is to improve Superfund cost management by requiring use of the Removal Cost Management System (RCMS), a computerized cost tracking system, for all future removal actions.

BACKGROUND

Cost management, which includes cost projection, cost tracking, invoice verification, and cost recovery activities, must be conducted for every removal action. In the past, the removal program has experienced problems conducting cost management activities manually. Documentation of cost data has been irregular and inconsistent; internal and external program reviews have noted "inadequate cost accounting systems" in the Superfund program. As a result, cost management data quality, consistency, and availability varies. This variability impairs program management,

enforcement, cost recovery, and contract management. For example, current cost management tools are often insufficient to keep On-Scene Coordinators (OSCs) aware that spending is approaching the project ceiling, causing frequent last minute requests for site ceiling increases.

In addition, maintaining only hand-written cost records poses several problems for the removal program. Paper records are time consuming to search through (e.g., for invoice verification), and difficult to manipulate (to create reports or access cost data from previous sites).

To remedy these shortcomings, the Office of Emergency and Remedial Response (OERR) developed a computerized cost management system and distributed it to all Regions and Technical Assistance Team (TAT) contractors and Emergency Response Cleanup Services (ERCS) contractors on March 8, 1988. An update of this system was distributed during January 1989.

FUNCTIONS OF RCMS

The RCMS has three main functions: daily cost tracking, cost projection, and site summary reporting. Each function resides in a separate component, or module, of the system.

The cost tracking module is designed to actively track daily costs of the removal action, including all extramural and intramural costs. Cleanup contractor costs may be entered using the data entry section of the program, or loaded into the program from a contractor prepared transfer disk. The software produces a standard EPA Form 1900-55 (Contractor's Cost Report). All other costs (intramural, other federal agencies, state and local governments, TAT and other support contractors) are entered into the system from their respective contracts or policy directives and documented on daily cost summary and cumulative project cost reports. These reports also track spending against the total project ceiling, or individual delivery order ceilings. Daily cost information is recorded onto a separate archive disk (and backup archive disk) for security. The system will maintain a complete and consistent database of site information, providing a site history of the usage and costs of equipment, materials and personnel.

When the OSC comes into the Regional office from the field, the OSC needs to reconcile, on a monthly basis, paid costs tracked in RCMS with paid costs in the Financial Management System (FMS). FMS is the program's official accounting system for removal actions and the OSC should use FMS cost data to verify paid costs of the ceiling estimates in RCMS, and to ensure that the site ceiling is adequate for the remaining work. FMS data serves as the final cost data for all cost recovery cases.

The cost projection module can be used to prepare an accurate estimate of anticipated removal action costs prior to the start of a removal. This estimate is used as the project ceiling of the Action Memorandum. The module can also be used to estimate resources needed to complete a removal once the cleanup is in progress.

The site summary module allows OSCs to develop various reports, using the cost data stored on the archive disk. These may be used to evaluate use and cost of personnel, equipment, and materials, and to manage the site more efficiently.

A fourth module is being developed to aid OSCs in invoice verification. This module will produce facsimiles of contractor invoices based on archive data and automatically compare contractor invoices with the archive data, to highlight discrepancies.

RCMS currently provides the following benefits to the removal program:

- o Use of the RCMS to produce required cost tracking forms (1900-55 and a daily cumulative cost summary) is significantly quicker than hand-writing these documents each day.

- o The RCMS will produce uniform, consistent documentation for all sites.

- o Easy access to cost projections and cost data from previous sites will allow OSCs to make more accurate cost projections for projected removal actions.

When complete, more benefits will accrue:

- o The RCMS life cycle management plan calculates that automated invoice verification will save each OSC an estimated sixteen hours each month.

- o The Procurement and Contracts Management Division (PCMD) will be able to use the data archived by the RCMS in their contract definitization process. Availability of archived site data, together with the automated invoice reconciliation, will minimize time spent on contract definitization.

- o RCMS site data will be compiled in Regional and national databases, providing a readily accessible, nationally uniform, financial record of the Superfund removal program. The OSC needs to reconcile, on a monthly basis, paid costs tracked in RCMS with paid costs in FMS. The FMS is the program's official accounting system for removal actions. The OSC should use FMS cost data to reconcile RCMS estimates of paid costs, and to ensure that there is adequate ceiling for the remaining work.

- o Finally, the RCMS life cycle management plan describes a benefit/cost ratio of approximately 6:1 for the RCMS. Total net benefits (cost savings) for EPA are estimated to be $14 million over an eight year period.

REMOVAL COST MANAGEMENT POLICY

In order for the emergency response program to realize these benefits, the cost tracking (1900-55 and Daily Cost Summary) module of the Removal Cost Management System shall be used for cost management at all removal actions that start on or after April 3, 1989. (It should be noted that in certain circumstances, such as classic emergencies, RCMS may not be utilized on-site but applied back in the office.)

IMPLEMENTATION

RCMS shall be used to produce the required 1900-55 form and Daily Cost Summary for each day of the removal action. The other modules may be used to produce cost projections and site summary reports as needed.

All existing Zone and Regional ERCS contracts are being modified by PCMD to require the cleanup contractor to either 1) use RCMS to create 1900-55 forms, or 2) produce a 1900-55 disk which can be transferred into RCMS. Interface programs which translate data from the contractor's accounting system into RCMS are already in use in ERCS Zones 1, 2, and 4. RCMS provides a function to incorporate the data from the contractor disk.

Running the program requires an MS-DOS microcomputer with at least one floppy disk drive, a fixed disk drive, and a serial and/or parallel interface. There are nearly enough microcomputers available in the Regions to handle cost management for all current removal sites; TAT computers may also be used. If neither EPA nor TAT computers are available for a removal action, a computer may be ordered as a contract equipment item on all ERCS contracts.

Each Region has received at least one training session in the use of RCMS, a copy of the user manual (OSWER Dir. No. 9360.0-02B), and a copy of the program disks. Each Region should designate an RCMS coordinator to serve as contact with the cleanup contractor and with RCMS program management in OERR. User support is provided through the Environmental Response Team-TAT at 201-225-6266. For further information about the program, user manual, or training, contact Robert Cibulskis at FTS 340-6746.

cc: Tim Fields
Hans Crump
Joe Lafornara
Bruce Englebert
John Riley
Robert Cibulskis
Pat Patterson, PCMD
Linda Boornazian, OWPE
Oil and Hazardous Materials Coordinators, Regions I-X
Superfund Branch Chiefs, Regions I-X
ERCS Contracts Deputy Project Officers, Regions I-X
TAT Contracts Deputy Project Officers, Regions I-X
Willis Greenstreet, OARM
Sallyanne Harper, PCMD