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ACQUISITION AND TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE  
3010 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-3010



27 FEB 1998

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS,  
LOGISTICS AND ENVIRONMENT)  
ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS  
AND ENVIRONMENT)  
ASSISTANT SECRETARY OF THE AIR FORCE (MANPOWER,  
RESERVE AFFAIRS, INSTALLATIONS AND ENVIRONMENT)  
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Policy Concerning Cost-Recovery/Cost-Sharing Activities Under the Defense  
Environmental Restoration Program (DERP)

The purpose of this memorandum is to provide policy guidance concerning cost-recovery and cost-sharing activities at Department of Defense (DoD) environmental cleanup sites.

A recent General Accounting Office report (GAO/NSIAD-97-32) concluded that DoD lacks uniform guidance regarding the policies and practices for recovering environmental cleanup costs from, or sharing costs with, third parties who have contributed to the contamination of DoD property. Section 348 of the Fiscal Year 1998 Defense Authorization Act requires the Department to prescribe uniform guidelines for the Military Departments and Defense Agencies concerning cost-recovery and cost-sharing activities. This memorandum provides that guidance.

The DoD Components shall:

- Identify all opportunities for the potential recovery or sharing of costs associated with environmental restoration from DoD contractors and other parties, public and private, that may have contributed to environmental contamination at DoD sites.
- Investigate each activity where cost-recovery/cost-sharing potential exists to determine if the likelihood of success to pursue cost-recovery/cost-sharing outweigh the costs associated with pursuing such an action.
- Pursue cost-recovery/cost-sharing activities to the extent practicable if such activity appears to be potentially cost-effective by:

(1) obtaining all data that is relevant to cost-recovery and cost-sharing activities;




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(2) identifying any Defense contractor negligence or other misconduct that may limit or preclude DoD's obligation to indemnify or reimburse the contractor for the costs of environmental restoration at a DoD site; and

(3) initiating actions, where appropriate, to recover the environmental cleanup costs incurred or to be incurred by the Department.

- Report annually, no later than November 30, to the Deputy Under Secretary of Defense (Environmental Security), each cost-recovery or cost-sharing action underway or completed. Include site name, location, status (underway or complete), amount recovered/shared, and cost of pursuing the action. This information will be included in the Fiscal Year 1998 DERP Annual Report to Congress and in each subsequent report to the Congress.

This policy guidance is effective the date of this memorandum.



J.S. Gansler

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