



COLORADO DEPARTMENT OF HEALTH

Richard D. Lamm
Governor

Frank A. Traylor, M.D.
Executive Director

July 13, 1981

Mr. William H. Hormberg, P.E.
Director, Office of Public Facilities and Grants
Environmental Protection Agency, Region VIII
1860 Lincoln Street
Denver, Colorado 80295

ROUTING	INITIAL/DATE
① →	WHT WHT 7/15
	SB
② →	JCB

RE: Grand Junction-/Persigo Wash Wastewater Treatment Plant
Mesa County C080337-26 (Step III)

Dear Harvey:

On May 15, 1981 Jim Abbott of HDR sent you a letter in regards to the possibility of prior approval of Schedule B for the Persigo Wash Plant. We would like to respond to two issues in that letter with the following comments:

- 1) In paragraph #1, Mr. Abbott mentions a grant amount of \$14.0 million, which would mean a project cost of \$18.7 million. Yet he notes the grant amounts of Schedules A & B, \$10.5 million and \$2.5 million, respectively. This adds up to \$13.0 million grant amount, giving a project cost of \$17.3 million.

In paragraph #2, the estimated project costs mentioned for Schedules A & B are \$12.76 million and \$3.84 million respectively. This totals to a project cost of \$16.6 million, or a grant amount of \$12.45 million.

To summarize, here are the amounts listed in the first two paragraphs:

Paragraph #1

<u>Grant Amount</u>	<u>Project Cost</u>
\$14,000,000	\$18,666,666
\$13,000,000	\$17,333,333

Paragraph #2

<u>Grant Amount</u>	<u>Project Cost</u>
\$12,450,000	\$16,600,000

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What are the actual project costs and grant amounts contemplated? These costs should be spelled out, since the grant award has been processed. This section would be happy to discuss this with the City and HDR to determine the actual costs involved.

- 2) In his letter, Mr. Abbott requests prior approval of the costs of Schedule B for grant participation.

In our discussions with the City, EPA and HDR, we have made it clear that full grant participation was not possible. This was due to the decision of the Water Quality Control Commission in April, 1981 to limit Grand Junction's grant to \$12 million. At the time, we proposed that Schedule A & B of this project be established. Also, it was established at this meeting that only Schedule A would be funded under this original grant award. Schedule B was segmented from the project; if and when FY'82 or later funds became available, Grand Junction would apply for the funding of Schedule B. If no funding was available, Grand Junction agreed that they would complete the entire project.

At this same time, it was agreed by all that Schedule A & B would go to bid at the same time. However, only Schedule A would be awarded at the time bids were opened. Schedule B would not be awarded until funds became available or the segment was necessary, whichever came first. The City understood that they would assume the entire cost of the segment if no funds were available.

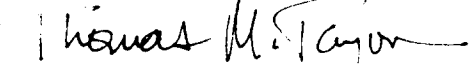
We oppose Grand Junction's request for prior approval for the following reasons:

- a) Grand Junction has agreed to segment the project. Approval of this segment (Schedule B) for grant participation should come only when funds are available. If no funds are available, Grand Junction, in signing the grant amendment, is committed to finishing the project. They are or should be aware of this fact.
- b) HDR was correct in citing 40 CFR 35.925-18(c). The request for prior approval was submitted before the grant award was made. However, since no prior approval was given, by either the State or EPA, this regulation no longer applies. Once the grant award is made, all requests for prior approval are invalid.
- c) Prior approval was denied at the time the project was segmented. Giving prior approval now would not be consistent with the past decisions of EPA and CDH personnel.

If EPA disagrees with our position, we would request a written response explaining your policy and the reasoning behind it. This is necessary to establish consistency on this particular grant.

If you have any questions or comments, please feel free to contact this office.

Sincerely yours,



Thomas M. Tayon
Regional Administrative Coordinator
Municipal Facilities Section
Water Quality Control Division

TMT:cm

cc: HDR
City of Grand Junction
Mesa County

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