

Port Angeles Harbor Trustee Council

Assessment Cost Guidelines

Approved by Port Angeles Trustee Council on July, 26, 2012

The Port Angeles Harbor Natural Resource Trustees (the Washington Department of Ecology, the Lower Elwha Klallam Tribe, the Port Gamble S'Klallam Tribe, the Jamestown S'Klallam Tribe, the United States Fish and Wildlife Service on behalf of the Department of the Interior, and the National Oceanic and Atmospheric Administration (individually a "Trustee" and collectively "the Trustees")), are engaged in conducting a natural resource damage assessment for the Port Angeles Harbor.

1. Purpose:

The Trustees are required to use funds received for the assessment of natural resource damages solely to engage in activities to: (a) determine the state of injury to the natural resources and their services within Port Angeles Harbor, (b) determine appropriate projects or amount of monetary compensation to restore, rehabilitate, replace and/or acquire the equivalent of the injured, destroyed or lost natural resources and their services and (c) support or further assessment activities. In order to ensure consistency and accountability in documenting, reviewing and approving allowable assessment costs the Trustee Council has developed the following guidelines.

2. Basic Principles:

In order to be allowable, assessment costs must be reasonable, necessary, adequately documented, lawful, and appropriate.

- *Reasonable:* A cost is reasonable if, in nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- *Necessary:* A cost is necessary if it would promote the proper and efficient assessment and quantification of the injury to natural resources present in Port Angeles Harbor or selection of the appropriate restoration, or provide for the required administrative support for these tasks.
- *Adequately Documented:* A cost is adequately documented if there is a paper or electronic record identifying the nature and amount of the expenditure and the fact that the expense has been incurred and has been or must be paid. The documentation must also demonstrate that all conditions on the expenditure have been met.
- *Lawful and Appropriate:* A cost is lawful if it is consistent with applicable statutes and regulations. A cost is appropriate if it is consistent with Trustee memoranda of understanding (or other inter-agency agreements), and Trustee Council bylaws, policies, and resolutions.

3. Funding:

At the beginning of each Phase, the Trustee Council will authorize the withdrawal of advance funding by individual Trustees from the NRDAR account established for that purpose. The amount of each Trustee's advance funding will be determined by that Trustee's projected and approved budget for the relevant Phase Plan. All decisions by the Trustee Council regarding disbursement of advance funding will be memorialized in Trustee Council resolutions.

Any Trustee that chooses to withdraw funding from the NRDAR account on a reimbursement basis, instead of in advance as described above, may do so periodically during the implementation of the Phase Plan. The Trustee Council will authorize the withdrawal of funds for reimbursement up to the amount of that Trustee's projected and approved budget for the relevant Phase Plan. All decisions by the Trustee Council regarding disbursement of funds for reimbursement will be memorialized in Trustee Council resolutions.

At the conclusion of each Phase, each Trustee will provide the Trustee Council with a cost package containing documentation detailing its actual expenditures for that Phase. If any Trustee has not completely exhausted the funds advanced to it by the end of the Phase, the remaining such unexpended funds will offset such Trustee's costs for subsequent Phase Plan activities of that Trustee. All cost documentation packages shall be accompanied by a statement, signed by a representative of the Trustee, certifying that the costs covered in the cost documentation package are consistent with these guidelines and any applicable rules or policies of the Trustee incurring the cost.

No advance funding will be disbursed to a Trustee if that Trustee's past cost documentation is overdue. Dates for submission of cost packages will be set by the Trustee Council on an ad hoc basis. However, once a Trustee submits overdue cost documentation, it will once again be eligible to receive advance funding. For example, if a Phase concludes and a Trustee has not submitted its cost documentation for that Phase by the agreed-upon date for submission of cost documentation, that Trustee will not be eligible to receive advance funding for subsequent Phases until it has submitted the outstanding Phase's cost documentation.

The Trustees will endeavor to submit an annual status report. This status report will summarize each Trustee's assessment-related costs for the year.

4. Specific Funding Matters:

a. Personnel Services

Allowable compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered in support or furtherance of case-specific assessment activities, including but not necessarily limited to wages, salaries, fringe benefits and indirect charges. The costs of such compensation are allowable to the extent that the total compensation for individual employees is reasonable for the services rendered and conforms to any established policy of the individual's employer consistently applied to like activities. Compensation for employees engaged in work in support or furtherance of assessment activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the individual's employer.

Upon request of any Trustee, a Trustee seeking cost approval or reimbursement for personnel services must be prepared to demonstrate that the personnel services for which reimbursement is sought were expended to support and further the assessment of injured natural resources, and that the effort was reasonable and necessary to that purpose.

Minimum required cost documentation will consist of timekeeping or accounting system reports showing per employee time charged to the case, compensation, and dates on which the time was spent. Each Trustee shall maintain an accounting of time spent, as specified by its internal policies, which shall be made available upon request of a co-Trustee. Where applicable, the Trustee whose personnel services are being reviewed for reasonableness must be prepared upon request to document the amount of, calculation of, and authority to recover indirect charges.

b. Travel

Reasonable travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees where the travel was reasonable and necessary to support or further case-specific assessment activities. Allowable travel includes, but is not limited to:

- Travel to Trustee Council meetings, meetings with responsible parties and their contractors, case-specific public hearings or other case-specific meetings.
- Restoration project site visits.
- Travel to brief headquarters staff or managers on case status, case decisions or case-specific policy matters, or for the purpose of case-specific coordination with headquarters personnel, where an in-person briefing is requested by management.
- Travel to consult with contractors or consultants retained to work on case-specific matters.
- Travel to present background information, progress reports, project results, etc., at symposia, conferences or agency training sessions is not allowable unless the Trustee Council has determined in advance that such a presentation would further case-specific assessment activities or goals.

Where reimbursable travel occurs in connection with travel for other purposes, the costs of the travel shall be apportioned among the purposes of the travel in proportion to the amount of time spent in connection with the different purposes.

Minimum required cost documentation will consist of copies of travel orders and travel vouchers supported by invoices for transportation, lodging, subsistence and related expenses.

c. Contract Labor or Services

Trustees may use funds for the reasonable cost of contractor or consultant services needed to support and further the assessment process or other necessary administrative activities (e.g., accounting or auditing services), when the Trustee Council has determined in advance that such services shall be utilized. Costs incurred by outside counsel shall be treated as "Personnel Services" in section 4a above.

Minimum required cost documentation will consist of invoices showing activity charges and proof of payment, subject to all applicable legal restrictions on disclosure or dissemination of confidential business information.

d. Equipment

Trustees may use funds for the reasonable cost of equipment acquired in whole or in part to support or further case-specific assessment activities. Whenever possible and cost-effective, equipment shall be rented or leased rather than purchased. When a Trustee purchases equipment with a useful life beyond the case-specific assessment activity for which the equipment was purchased, the Trustee will only be entitled to use funds for that portion of the purchase price representing the use of the equipment for case-related activities.

This will be achieved by one of two methods: (1) the purchasing Trustee will only use funds for the value of the equipment pro-rated by the amount of its use for case-related activities, or (2) the purchasing trustee will use funds for the whole price of the equipment and then refund the residual value of the equipment at the completion of the project or activity. Where equipment is expected to be used simultaneously for non-case activities, the purchasing Trustee will only use funds based on the percentage of the time the equipment is used for case-related activities.

Minimum required cost documentation will consist of invoices showing the item, the amount and proof of payment, and the location of and the custodian of the equipment.

5. Review Process:

Each cost package submitted by a Trustee will be reviewed by a member of the Trustee's staff for conformance with these guidelines. The cost package should include, at a minimum, specific supporting documentation such as an accounting of time spent, travel vouchers, invoices, etc.

Each Trustee will develop a system to track its costs. A Trustee may request the Trustee Council to review and discuss the adequacy of its tracking system.

Upon completing a review of a cost package, a Trustee Council representative shall provide the cost package, including the certification required under Section 3 of this agreement, to the Trustee Council.

Once a cost package has been received by the Trustee Council, a copy of the cost package will be maintained by the Trustee Council's lead administrative trustee.

**PORT ANGELES HARBOR TRUSTEE COUNCIL RESOLUTION
NO. 1**

ADOPTED July, 26, 2012

NOW THEREFORE, IT IS HEREBY RESOLVED THAT: The Trustee Council has adopted guidelines for the review of Trustee assessment cost documentation packages in order to: (a) determine that the assessment activities conducted were reasonable and necessary for the quantification of natural resource injuries and selection of appropriate restoration to compensate for those injuries resources in the Port Angeles Harbor, and (b) to establish consistency and ensure adequate documentation among Trustee cost packages.

By their signatures below, representatives of the Trustees hereby certify that this Resolution was adopted in compliance with decision-making procedures adopted by the Trustee Council, and that expenditure of the funds specified in the identified manner is consistent with applicable law.

THE WASHINGTON DEPARTMENT OF ECOLOGY

BY: Rebecca S. Lawson

ON: 7/30/12

THE LOWER ELWHA KLALLAM TRIBE

BY: _____

ON: _____

THE PORT GAMBLE S'KLALLAM TRIBE

BY: _____

ON: _____

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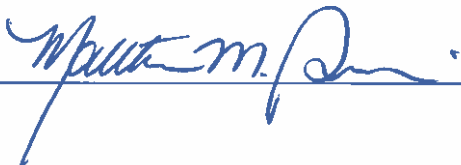
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ON: _____

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THE PORT GAMBLE S'KLALLAM TRIBE

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BY: _____

ON: _____

THE LOWER ELWHA KLALLAM TRIBE

BY: _____

ON: _____

THE PORT GAMBLE S' KLALLAM TRIBE

BY:  _____

ON: 7/30/12 _____

THE JAMESTOWN S'KLALLAM TRIBE

BY: Douglas Selton ON: 7/27/12

UNITED STATES FISH AND WILDLIFE SERVICE ON BEHALF OF THE DEPARTMENT OF THE INTERIOR

BY: _____ ON: _____

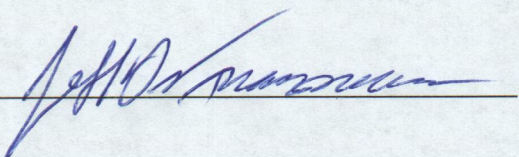
THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

BY: _____ ON: _____

THE JAMESTOWN S'KLALLAM TRIBE

BY: _____ ON: _____

UNITED STATES FISH AND WILDLIFE SERVICE ON BEHALF OF THE DEPARTMENT OF THE INTERIOR

BY:  ON: 30 JUL 2012

THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

BY: _____ ON: _____

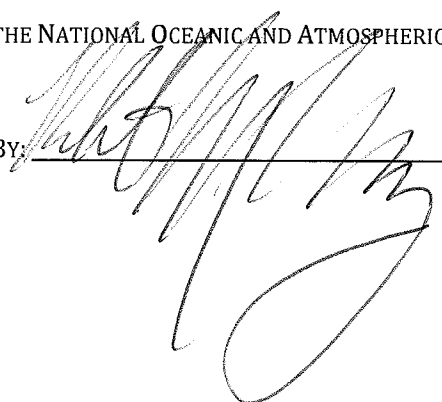
THE JAMESTOWN S'KLALLAM TRIBE

By: _____ ON: _____

UNITED STATES FISH AND WILDLIFE SERVICE ON BEHALF OF THE DEPARTMENT OF THE INTERIOR

By: _____ ON: _____

THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

By:  _____

ON: July 26, 2012