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

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OFFICE OF  
POLICY, PLANNING AND EVALUATION

Jerome M. Mark, Director  
Board of Public Utilities  
Cheyenne Water and Sewer Departments  
2100 Pioneer Avenue  
Cheyenne, Wyoming 82003

Dear Mr. Mark:

I am pleased to inform you that EPA has reviewed the Board of Public Utilities' proposal to conduct a Project XL for Communities (XLC) pilot, and would like to work with Cheyenne as the Board develops a Final Project Agreement (FPA), provided the Board agrees to several revisions to the project as proposed.

EPA established project XLC to test innovative environmental management strategies that achieve greater environmental benefits in exchange for flexibility and assistance. Through this process, we intend to promote excellence and Leadership in environmental protection. Your proposal is among the first selected because EPA believes it shows potential to demonstrate the strength of a community designed approach. We are excited to begin working with Cheyenne and the Board as they develop a project that could help lead to a new era of environmental protection.

The next step in establishing this partnership is to work towards developing and signing a Final Project Agreement (FPA). If completed to the satisfaction of the Board, EPA, the State of Wyoming, and any other FPA signatories, this agreement will detail the expectations of each signatory. Only the signing of a FPA will constitute acceptance as a full-fledged Project XLC pilot. Enclosed is a document describing the principles for the project development phase.

There are several significant issues raised by the selection committee that we believe must be resolved to lay the foundation for negotiating the Final Project Agreement. Briefly, these include the following:

- ▶ As EPA Region VIII expressed in Max Dodson's letter of March 1, the Agency is not prepared to exchange positive environmental improvements in the upstream segments for permanent regulatory relief in the downstream segments. The Agency is prepared to allow its existing approval of the State's use designation for Crow Creek to remain in place, while specifying that a Use Attainability Analysis (UAA)

needs to be done. The State's schedule for conducting the UAA would be coordinated with the phased implementation of the XLC project, with reasonable schedules for the project to be specified in the FPA. While improvements to the aquatic habitat, water quality, stream flow, and public access on the upper and middle segments of Crow Creek are being made, potential solutions to the questions surrounding the appropriate classification of the lower segment and associated ammonia standards can be evaluated. The Wyoming Department of Environmental Quality is an important partner in this process and must be a full partner in what is agreed upon in this area of the FPA.

- ▶ A subject that will have to be addressed early in the development of the FPA is the legal mechanism for implementing the flexibility that is requested in your proposal.
- ▶ The FPA will also need to identify in detail the best management practices that Cheyenne will undertake to improve stormwater discharges to Crow Creek.
- ▶ We would like to see stakeholder involvement, both during the development of the FPA and in the implementation of the project, expanded to include the involvement of landowners in Crow Creek's lower segment and residents of low income neighborhoods adjacent to the Creek.

If you would like to move forward with revisions to your proposal, please contact David Schaller at EPA's Region VIII Office in Denver at 303-312-6146. As the development phase is limited to six months, we would like to begin discussions as soon as possible to sustain a high level of involvement.

We are pleased to be working with you in a process that holds such promise for the future of environmental protection.

Sincerely,



David Gardiner  
Assistant Administrator

cc: Jack McGraw, EPA Region VIII  
David Schaller, EPA Region VIII  
Robert Perciasepe, EPA, Office of Water  
Dennis Hemmer, Wyoming Dept. Of Environmental Quality  
Joe Dougherty, Assistant to the Mayor, City of Cheyenne