

393

6-709.4

FERNALD COMMUNITY REUSE ORGANIZATION (CRO) - ORIENTATION
RETREAT AGENDA, OVERHEADS AND HANDOUTS FROM SEPTEMBER 14,
1996 RETREAT

09/14/96

CRO
~~150~~ 138
AGENDA/HAN

CRO

FERNALD COMMUNITY REUSE ORGANIZATION

ORIENTATION RETREAT AGENDA

September 14, 1996

8:45 a.m.

Continental Breakfast

9 a.m.

Welcome and Introductions

Gary Stegner, DOE-Fernald

9:10 a.m.

Fernald Overview

Dennis Carr, Fluor Daniel Fernald

10:15 a.m.

Fernald Citizens Task Force

John Applegate, Chair

10:30 a.m.

Natural Resource Trustees

Eric Woods, Fluor Daniel Fernald
Pete Yerace, DOE-Fernald
Tom Schneider, Ohio EPA

11 a.m.

Grant Process
National Council of Urban Economic Development

Gary Stegner

11:30 to 1:30 p.m.

Working Lunch and CRO Path Forward

Marty Collier Stevens, Facilitator,
Miami University

1:30 p.m.

Adjourn

000001

SEPTEMBER 14 COMMUNITY REUSE
ORGANIZATION RETREAT
SIGN-IN SHEET

NAME

1. SHARON C. CORNWELL
2. KEN MOORE
3. Bill Hinkle
4. Bob Copeland
5. Don Thiern
6. Dave McWilliams
7. Joe Neyer
8. Tom BENCK
9. Don Lawler
10. MAURICE HORNBACH
11. Jane Harper - Crosby Township Trustee - Say Steve ask me to sit for him.
12. BOB TABER - FD/FU (FAT & LC)
13. Lisa Crawford - FRESH | F.C.T.F.
14. Linda Krekeler
15. Jon Doll
16. Eric Woods - FERMO
17. Tom Schaefer - Ohio EPA
18. Maria C. Kreggel
19. Jill Laine
20. Louis Doll
21. Gary Stegner
22. Dennis Carr
23. Pete Yrpace
- 24.
- 25.



KEY MESSAGES

FERNALD

- **All Records of Decisions complete.**
- **Fernald is committed to an Accelerated Cleanup Plan.**
- **Accelerated Cleanup Plan establishes schedule for cleanup activities and is basis for future availability of government property and equipment for reuse.**
- **Cleanup levels have been established which create land use restrictions.**

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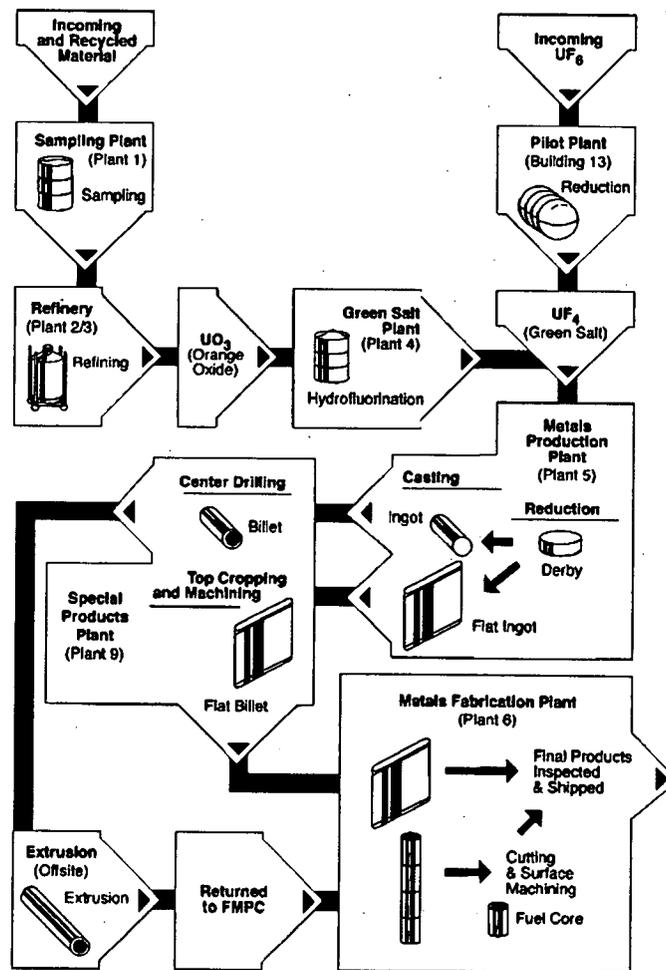
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FORMER SITE PRODUCTION PROCESS

FERNALD

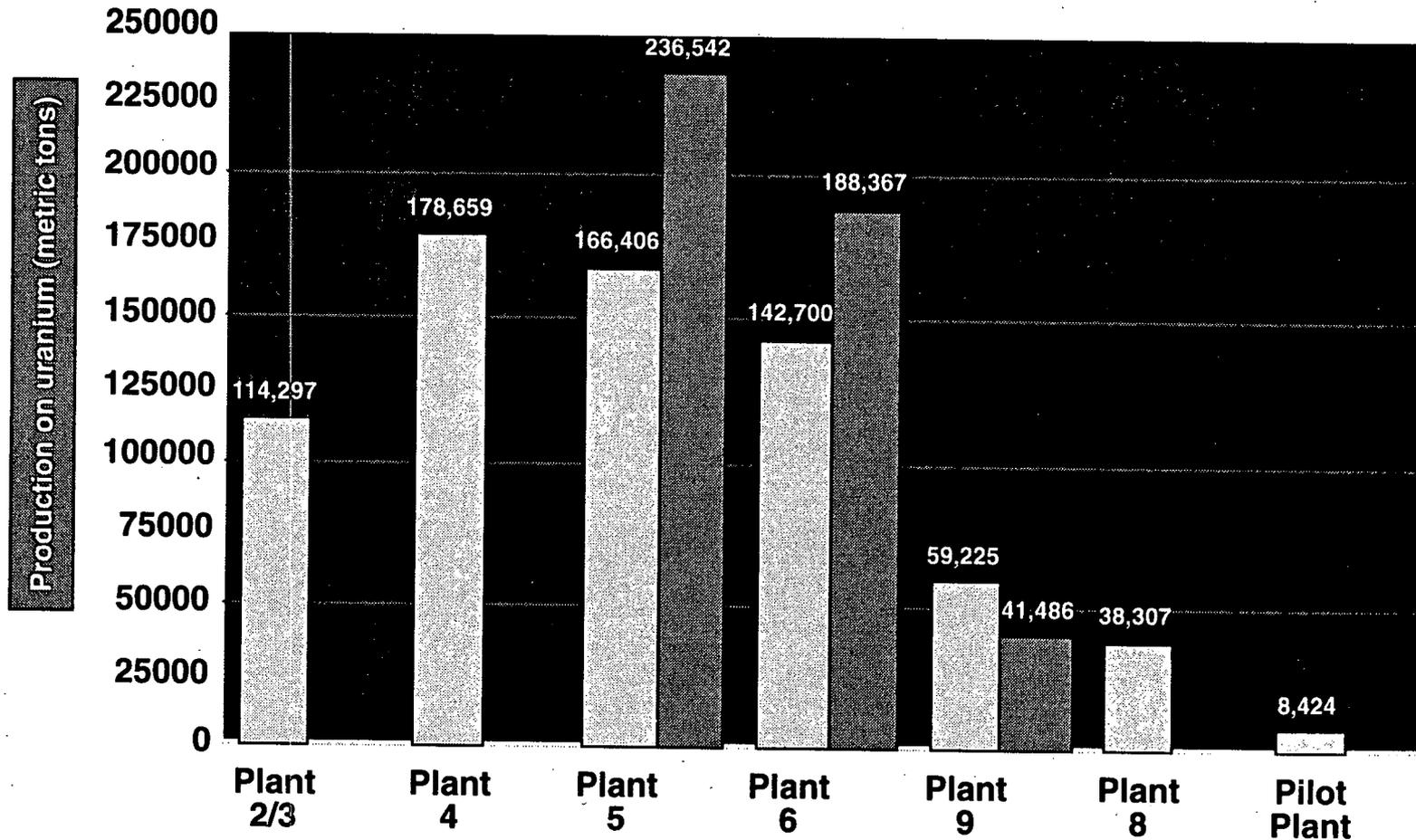


100000



PRODUCTION LEVELS (Metric Tons Uranium) 1952 - 1988

FERNALD



500000

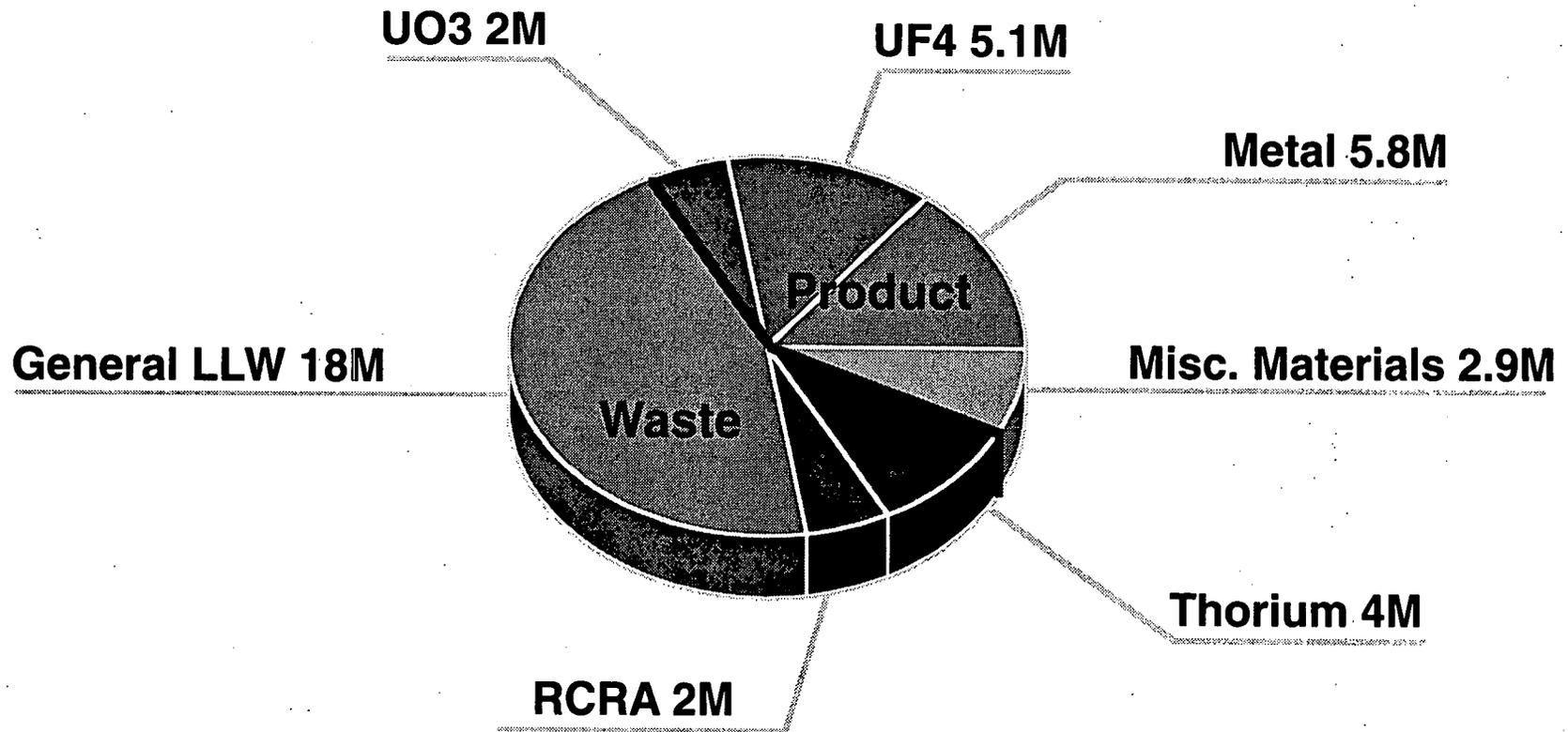
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FEMP NUCLEAR MATERIALS INVENTORY

FERNALD



Net Weight (Pounds)

900000

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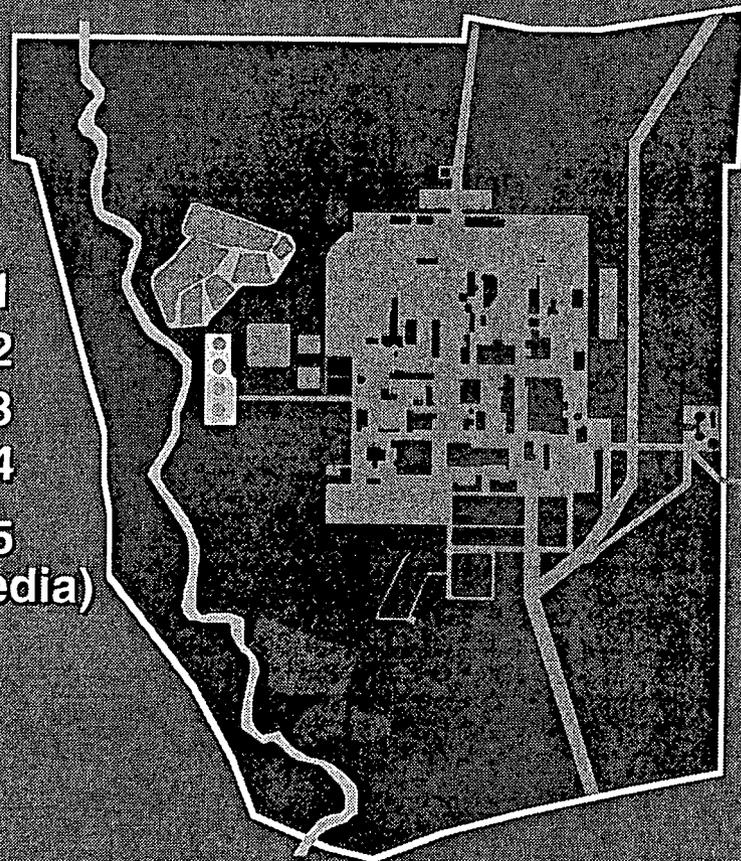
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OPERABLE UNITS

FERNALD

-  Operable Unit 1
-  Operable Unit 2
-  Operable Unit 3
-  Operable Unit 4
-  Operable Unit 5
(Environmental Media)



400000



SELECTED REMEDIES

FERNALD

- OU1** excavate waste pits contents; process and treat waste by thermal drying (as necessary to remove free water); and off-site disposal at a permitted commercial disposal facility.
- OU2** excavate and on-site disposal of waste materials in an engineered facility.
- OU3** *Record of Decision for Interim Remedial Action* - accelerate removal of legacy nuclear materials stored in Fernald's buildings; clean out the buildings and equipment; and decontaminate and dismantle these facilities.
- DRAFT Record of Decision for Final Remedial Action* - balance off-site disposal of small quantities of highly contaminated materials with on-site disposal of large quantities of lower-contaminated materials.
- OU4** remove and vitrify Silos 1 - 3 contents and decant sump tank; off-site disposal of the vitrified waste at the Nevada Test Site.
- OU5** excavate contaminated soil; place soil in an on-site disposal facility; and restore the Great Miami Aquifer by pumping and treating contaminated groundwater.

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FERNALD INSTITUTIONAL CONTROLS / LAND USE RESTRICTIONS

FERNALD

- **Continued federal ownership of the property;**
- **Access controls (e.g. fencing) will be maintained around the On-site Disposal Facility (OSDF) and site boundary;**
- **Identification of appropriate deed restrictions and proper notification must be carried out with regard to any property being released from DOE ownership;**
- **Appropriate environmental monitoring after remedial activities must be carried out**
- **Maintenance of the OSDF will be required;**

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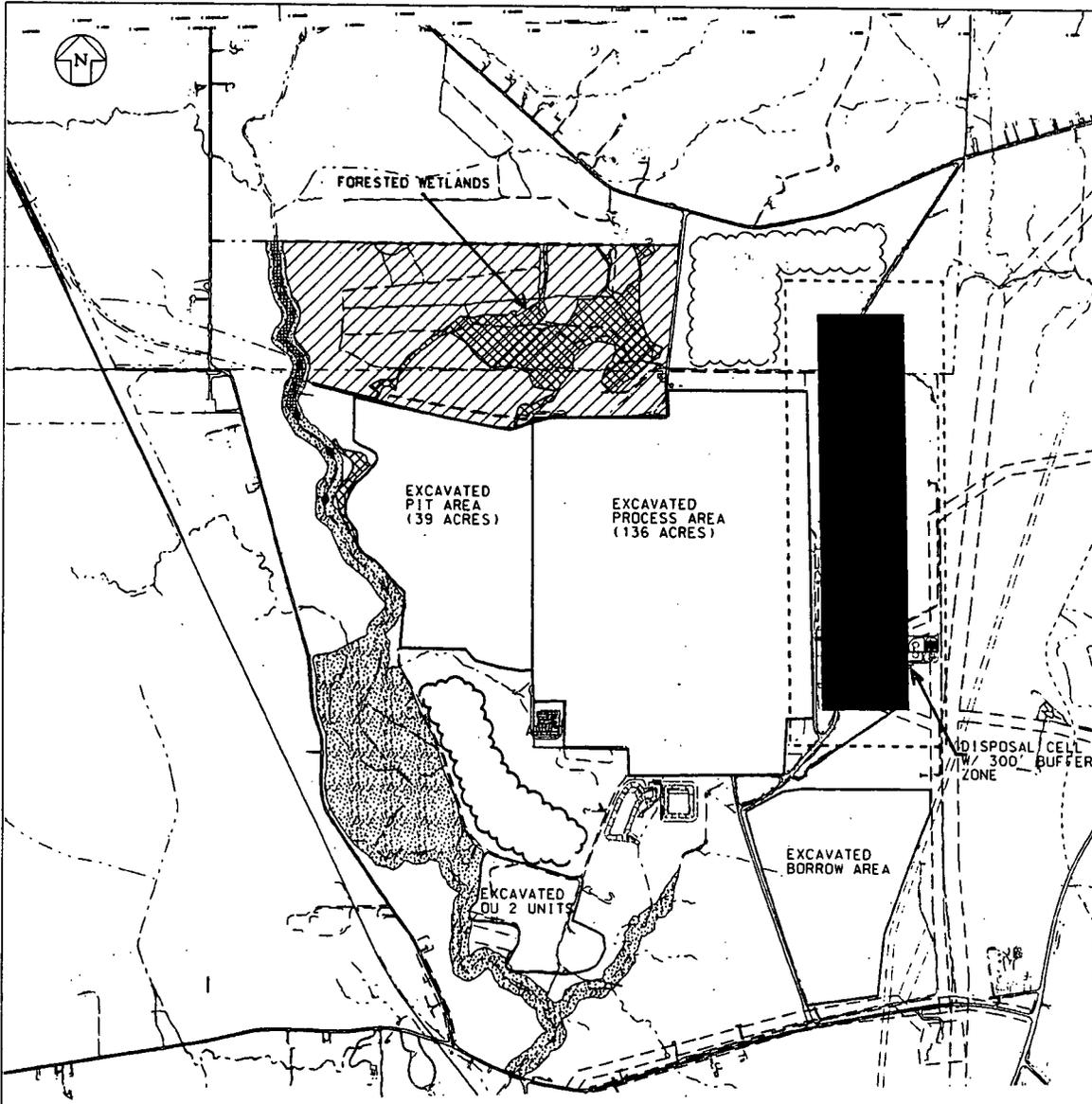
FERNALD INSTITUTIONAL CONTROLS / LAND USE RESTRICTIONS (CONT'D)

FERNALD

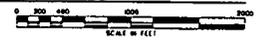
- **Fernald Citizens Task Force recommendations:**
 - **Property containing OSDF and buffer zone should be retained in Federal ownership if perpetuity;**
 - **Access controls at the OSDF should include a buffer zone that discourages access, is unobtrusive and blends with the surroundings to minimize visual impacts;**
 - **The remainder of the property should be available for the most beneficial use (except agriculture and residential) with input from the surrounding community;**
 - **Actions should be planned in a manner that protects and enhances natural resources with emphasis on the Great Miami Aquifer, Paddy's Run and the Forested Wetlands.**
- **The Fernald Natural Resource Trustee (Department of Energy, Ohio Environmental Protection Agency and Department of Interior) have indicated a preference to pursue on-property restoration in an effort to resolve trustee issues at the site;**
- **Natural Resource Trustees will likely focus on a restoration plan that preserves and enhances the Paddy's Run Corridor and the Northern Woodlot (including the Forested Wetland) while establishing additional areas of natural habitat in the OSDF buffer zone and possibly other areas on-property (e.g. remediated waste pit area).**

000010

POST-REMEDATION NATURAL RESOURCE AREAS



LEGEND:	ACREAGE:
	78
	2
	3
	36
	100
	125



**PRELIMINARY
INFORMATION ONLY**

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<p>NO. REVISIONS DATE/OWN. BY APPD. REF. DWG. NO.</p>				<p>PERMITS C.A.D. DRAWING NOT TO BE REVISED MANUALLY.</p>				<p>PERMITS C.A.D. DRAWING NOT TO BE REVISED MANUALLY.</p>				<p>PERMITS C.A.D. DRAWING NOT TO BE REVISED MANUALLY.</p>			
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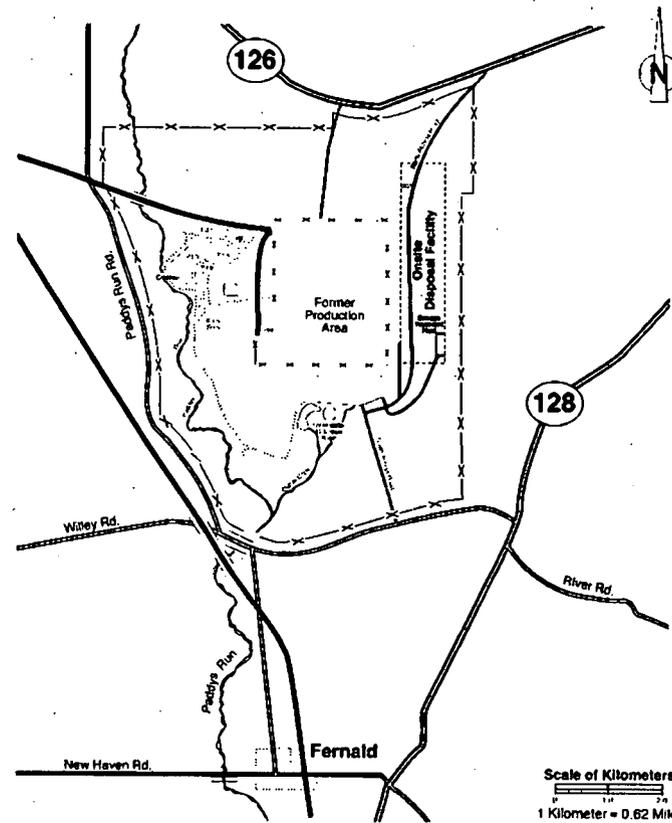
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LOCATION FOR THE ON-SITE DISPOSAL FACILITY

FERNALD



LEGEND

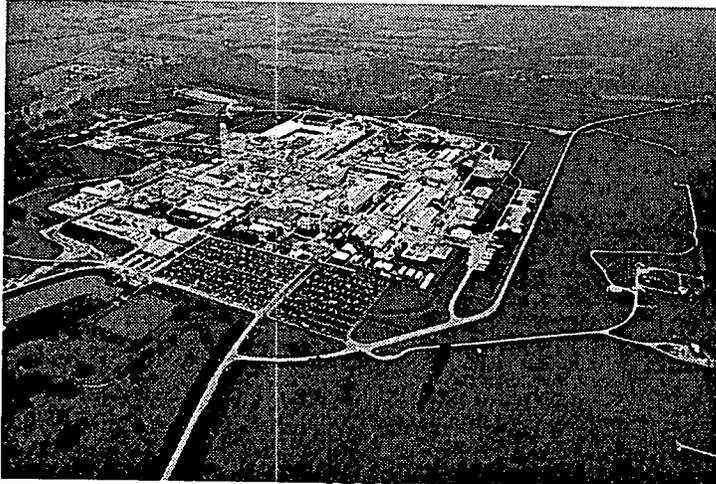
- | | |
|--------------------------|----------------------------------|
| Onsite Disposal Facility | Plant Perimeter |
| | Former Production Area Perimeter |

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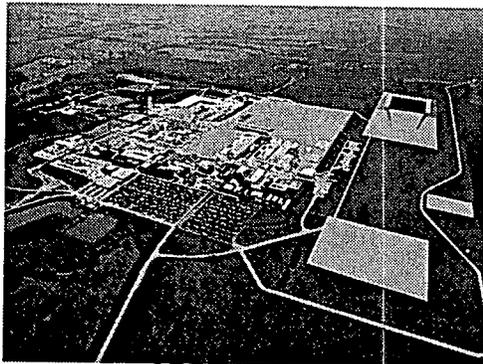
PROJECT ACCELERATION IS UNDERWAY



1995



2005



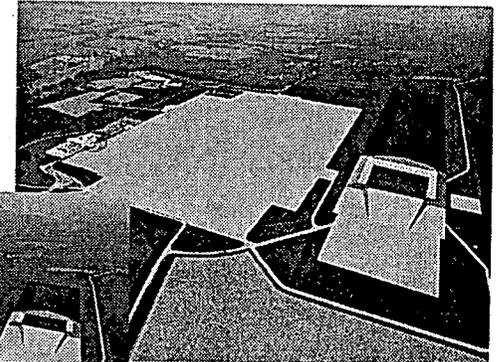
1997



FERNALD

Environmental Management Project

An end in sight



2003



1999



2001

000013



FEMP TEN YEAR PLAN

Master Schedule

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
------	------	------	------	------	------	------	------	------	------

OU1

Rail Upgrade & Facility Construction

Off-Site Disposal

Treatment & Shipment

OU2

Design & Construction

Remediation Waste Units

Facility D&D

OU3

RI/FS

Nuclear Material Disposition

Safe Shutdown & Facility D&D

Disposal Facility

Design

Construction and Placement of Waste

OU4

Vitrification Plant Construction

Processing & Off-Site Disposal

D&D of Vitrification Facility

OU5

Soil Excavation

Advanced Waste Water Treatment and Groundwater Recovery Well Operation

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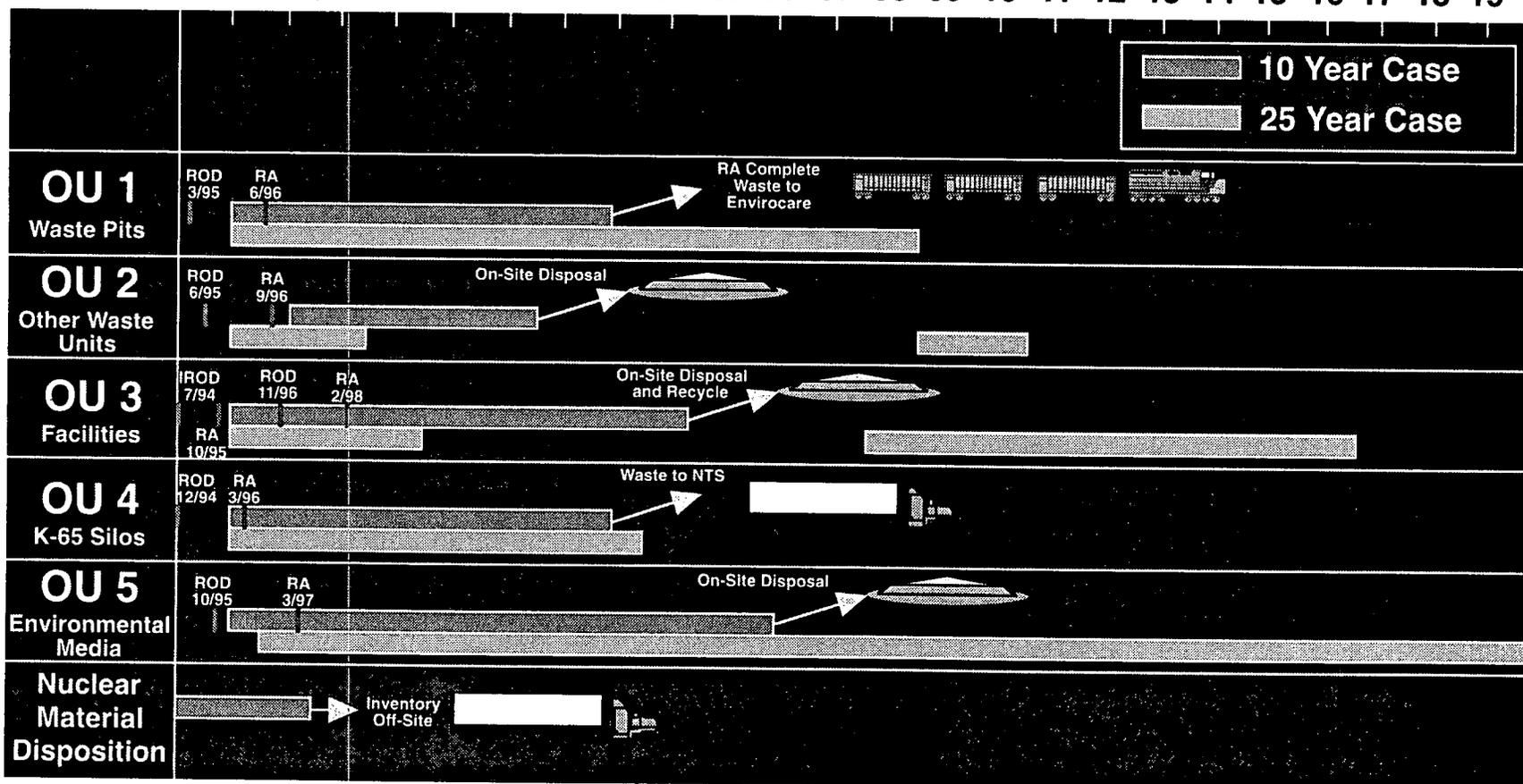


FERNALD PATH FORWARD

FERNALD

FISCAL YEARS

95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20



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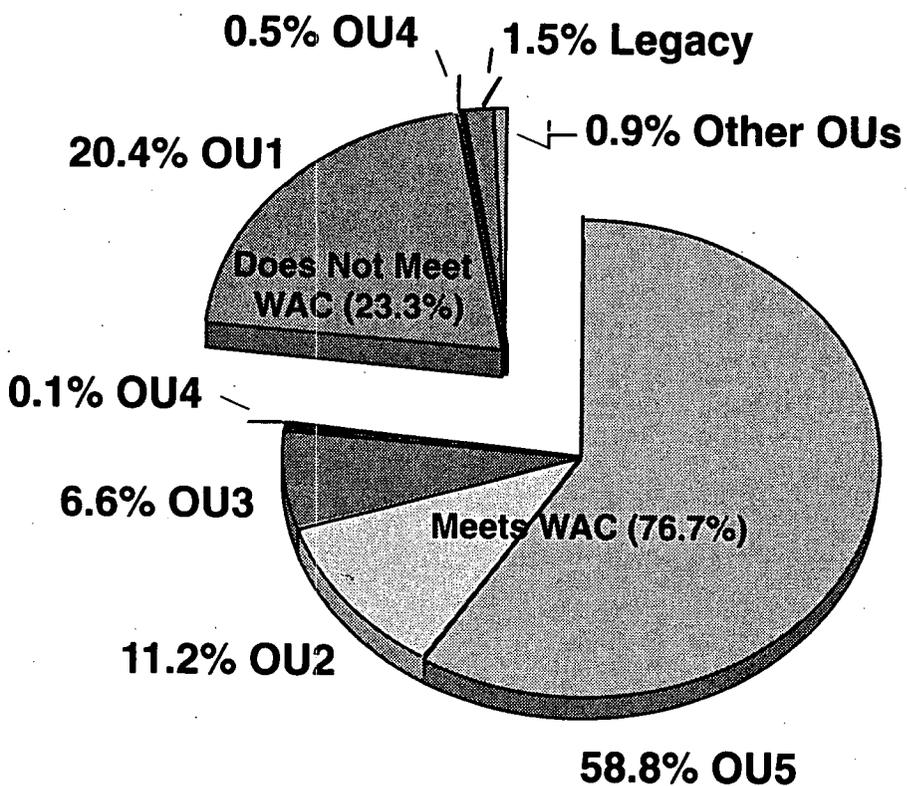
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POTENTIAL DISPOSITION OF FEMP WASTE CONSIDERING WASTE ACCEPTANCE CRITERIA (WAC)

FERNALD



Waste Source	Total Volume	Volume Meeting WAC
OU1	628200	337000
OU2	348600	345000
OU3	201600	201600
OU4	17000	3000
OU5	1835000	1810000
Legacy	46760	0

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WASTE ACCEPTANCE CRITERIA AND CLEANUP LEVELS (TOTAL URANIUM)

FERNALD

WASTE ACCEPTANCE CRITERIA

- Soil : 1,030 mg/kg

CLEANUP LEVELS

- Soil :

On property : 82 parts per million (ppm)/ALARA Goal : 50 ppm

On property select areas : 20 ppm

Off property : 50 ppm

- Ground Water : 20 parts per billion

FREE RELEASE CRITERIA

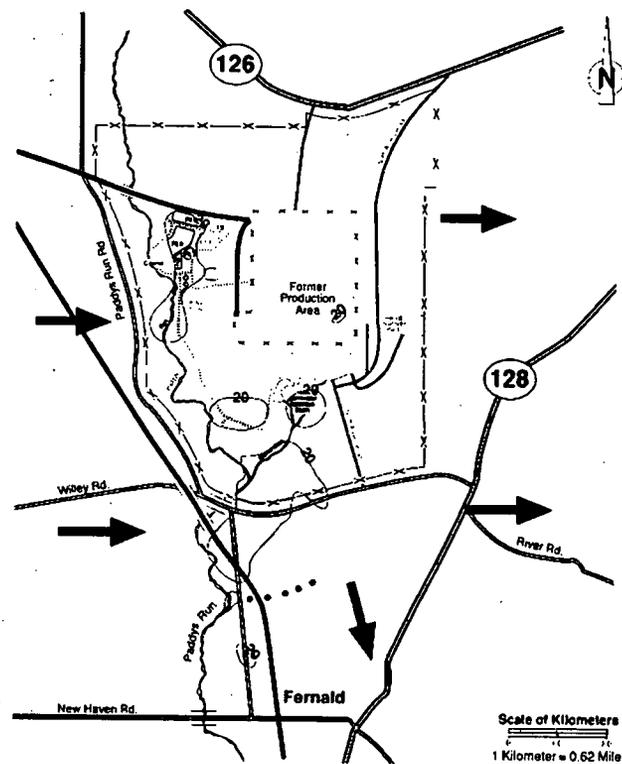
- Establishes surface contamination free release levels for excess equipment and other materials (not containing volumetric contamination)

000017



AREAS OF THE GREAT MIAMI AQUIFER REQUIRING REMEDIATION

FERNALD



LEGEND

- Existing Extraction Well
- ➔ Regional Groundwater Flow Direction
- ▭ Areas above Uranium Cleanup Level of 20 µg/l
- x—x— Plant Perimeter
- - - Former Production Area Perimeter

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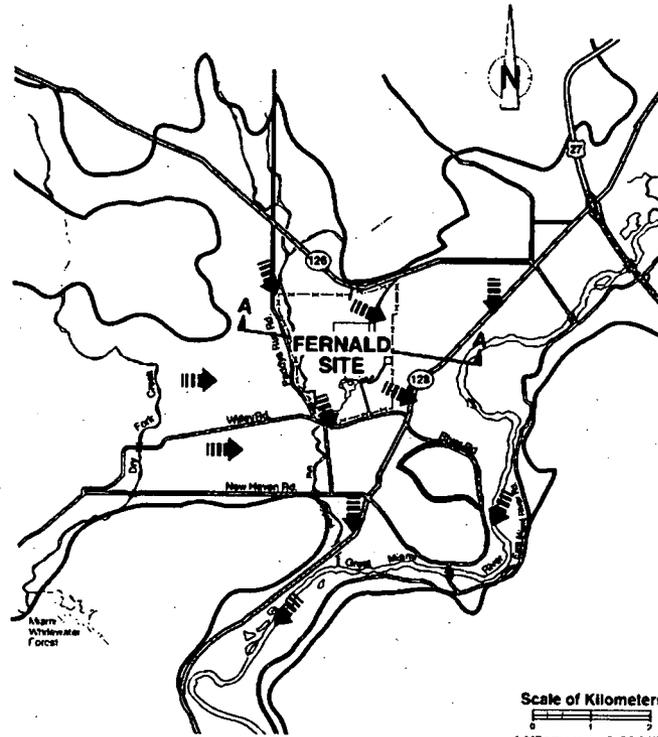
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BURIED VALLEY AQUIFER UNDERLYING THE FERNALD SITE AND VICINITY

FERNALD



LEGEND

 Buried Valley Aquifer
 General Direction of Groundwater Flow

 Plant Perimeter
 Location of Cross-Section Shown in Figure 7

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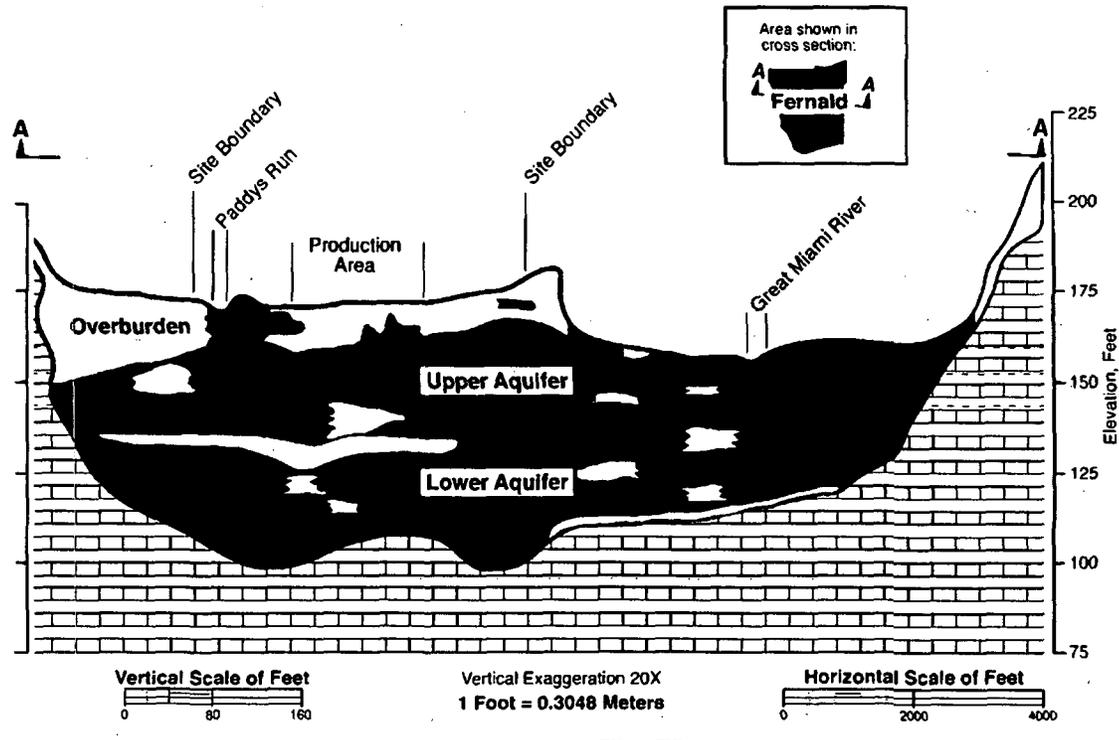
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CROSS-SECTION OF THE NEW HAVEN TROUGH, LOOKING NORTH

FERNALD



LEGEND

Sand	Clay	Undifferentiated Till
Sand & Gravel	Silt	Shale with Interbedded Limestone
Gravel		

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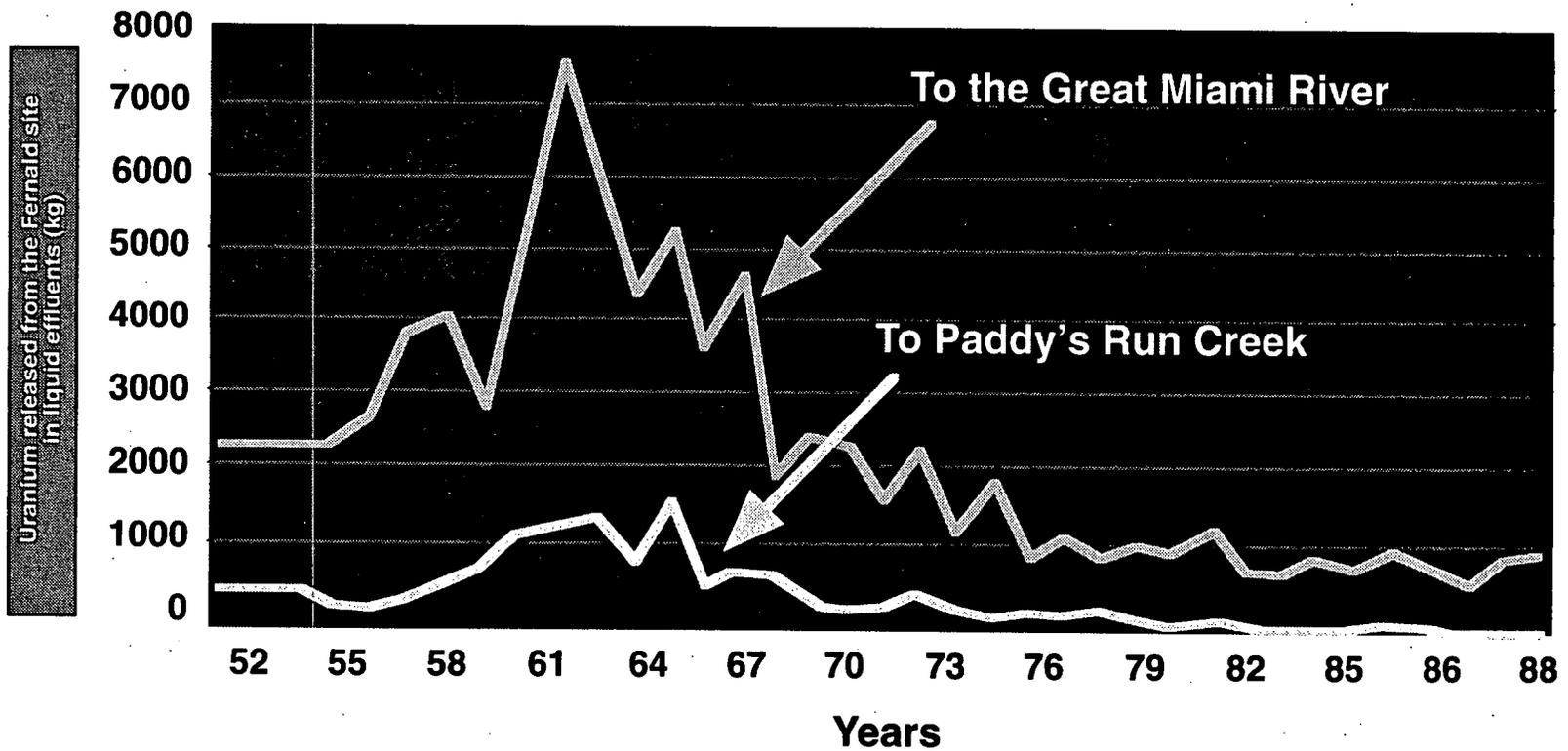
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TOTAL URANIUM DISCHARGES IN SURFACE WATER FROM THE FERNALD SITE, 1952-1988

FERNALD



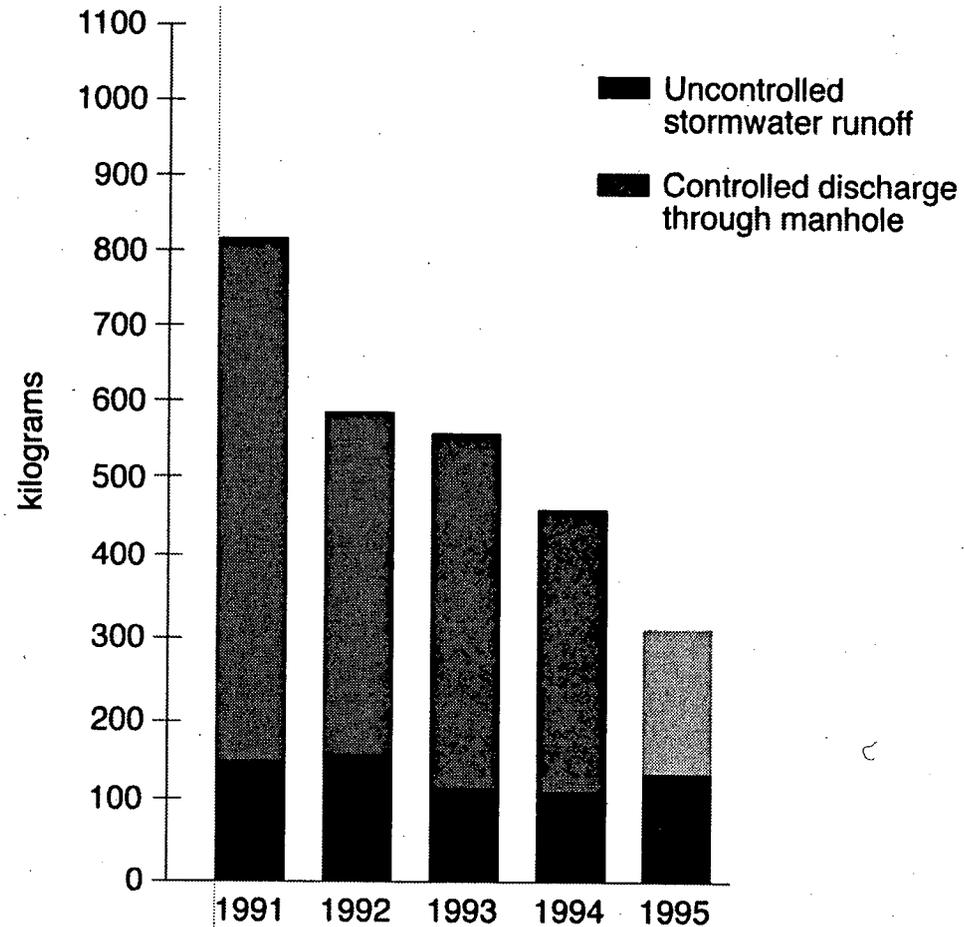
Uranium losses to the Great Miami River through Manhole 175 and to Paddy's Run Creek from the Fernald site from 1952 - 1988.

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TOTAL URANIUM DISCHARGED FROM THE SITE, 1991-1995

FERNALD

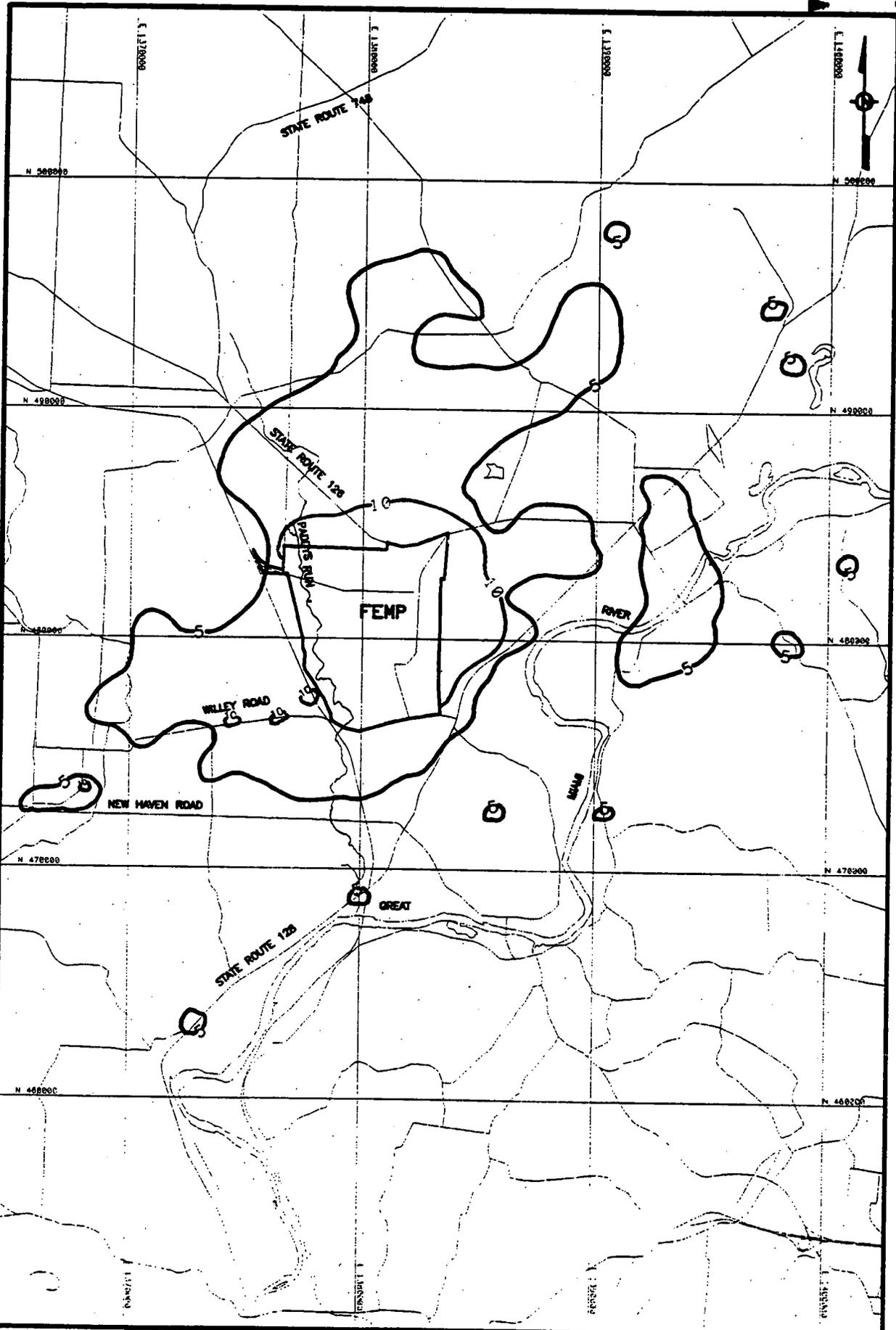


2.9 kg resulted from overflow of SWRB

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 STATE PLANNING COORDINATE SYSTEM 1927

NOTE:

- 1. 95th PERCENTILE SURFACE SOIL BACKGROUND VALUE 3.73 mg/kg
- 2. RANGE OF SURFACE SOIL BACKGROUND VALUES 2.58-4.83 mg/kg

LEGEND:

- 5, 10 AND 20 mg/kg ISOCONCENTRATION CONTOUR FOR TOTAL URANIUM IN SOIL
- COLOR INDICATES VALUE OF CONTOUR LINE
- FEMP BOUNDARY

SCALE



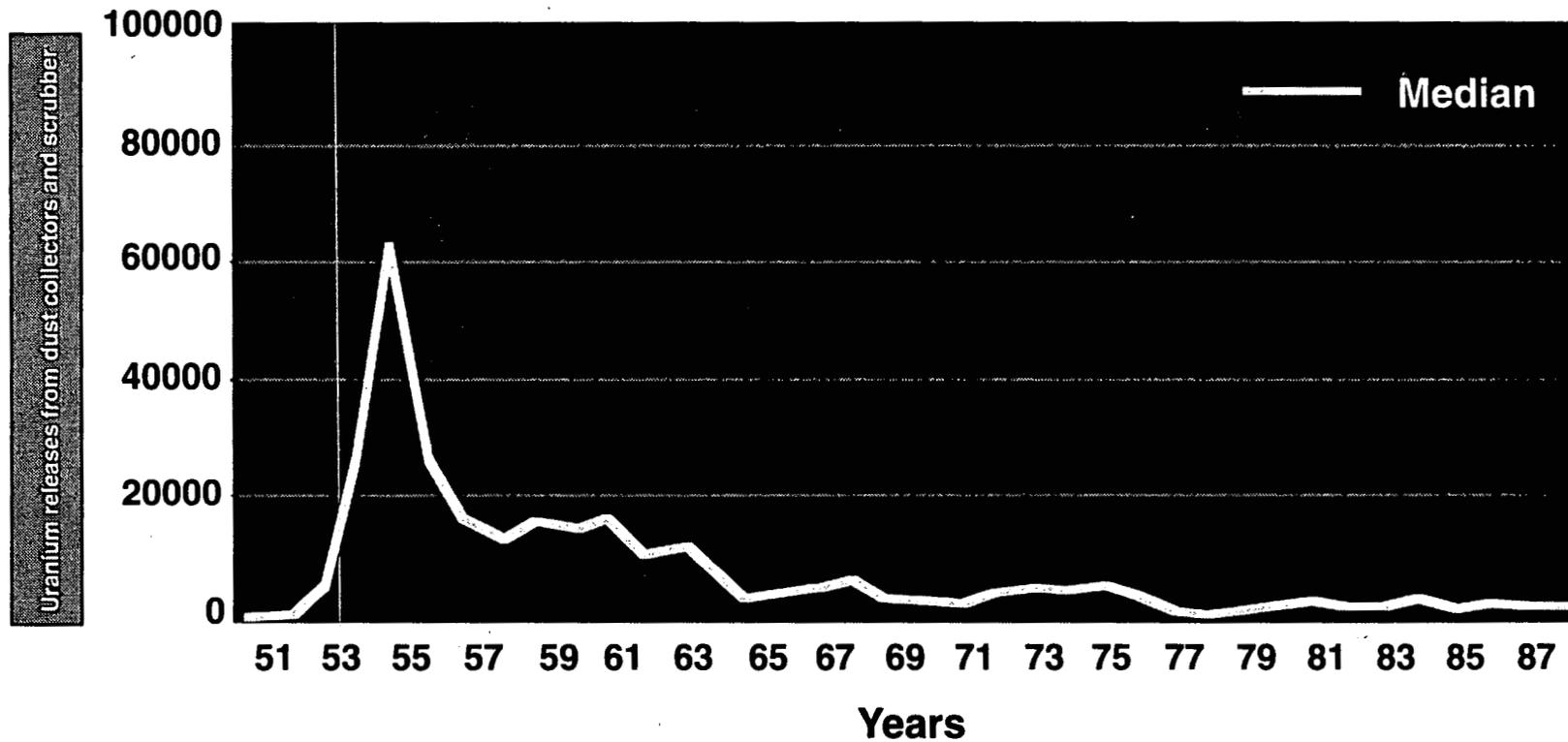
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OFF-PROPERTY ISOCONCENTRATION CONTOURS FOR TOTAL URANIUM IN SOIL, OUS5, FEMP



ANNUAL AIR RELEASES

FERNALD



Summary of annual uranium release estimates for all dust collectors and scrubbers.

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MISSION

The Fernald Community Reuse Organization has a threefold mission focused on the future of this site and its surrounding communities:

- ▶ to serve as the Fernald communities focal point for the Department of Energy on issues of site re-use and economic development;
- ▶ to create, from diverse and broad-based interests, a shared vision for incorporating Fernald land, labor and capital resources into a strengthened regional economic base;
- ▶ to formulate, recommend and assist in the implementation of informed strategies for future development and deployment of Fernald resources.

The Fernald CRO is charged to develop specific plans and proposals for economic development and community transition; for land use planning, in accord with the broad recommendations of the Fernald Citizens Task Force report, "*Recommendations on Remediation Levels, Waste Disposition, Priorities, and Future Use*," July 1995, and for deployment of excess facilities and equipment at the site.

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Fernald Community Reuse Organization

OPERATING PROCEDURES**THE GROUND RULES OF THE FERNALD CRO**

June 30, 1996

The Fernald CRO conducts its business according to its Charter and these Operating Procedures. In all cases of conflict, the Charter is controlling.

MEMBERSHIP

Appointment terms for CRO members coincide with the calendar year. Initial members' terms officially date from January 1, 1997. Subsequent members' terms, no matter when they commence during a given year, will officially date from the beginning of the next calendar year.

CRO membership is personal and not representative. Members may not vote by proxy, and attendance and other requirements of membership cannot be satisfied by substitutes.

Attendance at regular meetings is required of all CRO members. When attendance is prevented by emergencies or other compelling circumstances, members should give notice to the CRO chair. Three or more unexcused absences over the course of any twelve-month period will be cause for review of that member's continued service. The chair is responsible for this review and determination.

MEETINGS

The chair is responsible for notifying all CRO members of the dates, times, and places of all regular meetings, and any additional special meetings the chair may choose to call. Except in emergencies, such notice will be given at least seven (7) days in advance, and will include the subject of the meeting.

Agenda for regular meetings will be provided to CRO members in advance of the meetings. Agenda will include date, time, and place, topics to be covered, identification of relevant documents, and appropriate information regarding non-CRO meetings of importance to the membership.

The public will be informed of the date, time, place, and subject of all CRO regular meetings, and will have opportunity to participate in all meetings. The manner of public participation may vary and will be determined by the CRO or its chair.

REPORTING and ACCOUNTABILITY

The CRO will conduct an annual review of its work in order to submit a report of its progress to the DOE in December of each calendar year.

AMENDMENT of OPERATING PROCEDURES

The CRO may amend these ground rules at any time by a two-thirds vote of a quorum of its full voting membership.



Dennis Can... 393

COMMUNITY REUSE ORGANIZATION *start-up grant application*

FERNALD OVERVIEW .

History

The Fernald Environmental Management Project (FEMP) is a 1,050 acre Department of Energy facility located in southwestern Ohio, in a rural area approximately 18 miles northwest of Cincinnati. From the early 1950s to 1989, the Fernald site extracted uranium from ores to produce high-purity metal products for the nation's defense program. During its 38-year production history, Fernald shipped over 500 million pounds of uranium metal products to other DOE facilities. With a decline in product demand and increasing environmental concerns, production operations ceased in mid-1989, and the site was placed on the National Priorities List in November 1989. Congress officially declared the site closed in August 1991. Under contract with the DOE, Fluor Daniel Fernald has been managing the site's cleanup activities since December 1992.

Site Remediation

After almost 10 years of detailed technical analysis, the FEMP has completed characterization of site contamination, marking the end of the Remedial Investigation/ Feasibility Study phase mandated by the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) process. Of the site's five operable units, the fifth and final Record of Decision is expected to be approved by the U.S. Environmental Protection Agency (EPA) in the fall of 1996. The site is now focused on the safe, efficient, and timely implementation of remedial actions. A snapshot of cleanup activities to date includes: initiating construction of an on-site disposal facility; completion of safe shutdown activities in about half of the site's former production facilities; decontamination and dismantlement of two major buildings and several smaller structures; off-site shipment of low-level radioactive "legacy" wastes; treatment of hundreds of thousands of gallons of liquid hazardous wastes; thorium overpacking in preparation for off-site shipment, and treatment of 650 million gallons of contaminated water.

Fernald Citizens Task Force Recommendations

In 1993, the DOE, the EPA and the Ohio EPA established the Fernald Citizens Task Force, a site-specific citizens advisory board, to provide recommendations on key site remediation issues, including future use of the FEMP. In July 1995, the Task Force issued its final report to the DOE and the regulators. On the issue of future use, the Task Force did not identify specific land uses, stating:

"The Task Force believes it is best that those decisions be made by the persons who would ordinarily make such decisions -- people of surrounding townships, and local planning and zoning officials. In particular, residents adjacent to and immediately impacted by the future use of Fernald should be provided significant access to and participation in decisions regarding specific future use and ownership of the Fernald property."

Among other activities, the Community Reuse Organization will build upon the Task Force's broad land use recommendations.

Fernald Accelerated Cleanup Plan

The FEMP is managing site cleanup activities under an aggressive remedial action plan which will complete site cleanup 15 years earlier than originally projected, at a \$3 billion cost saving for taxpayers. The Accelerated Cleanup Plan was endorsed by the regulators, local elected officials, the Fernald Citizens Task Force, and other stakeholders. In June 1996, the DOE approved a rebaseline proposal for the plan, which lays out the steps to complete site remediation within a 10-year window.

Although the pace of remediation at the FEMP will be determined largely by funding levels, the site is positioned to complete remediation as safely and quickly as possible to avoid additional burden to taxpayers.

FERNALD WORKFORCE RESTRUCTURING ACTIVITIES

Employment Reductions

In the last three years, the FEMP has undergone two work force reductions. In 1993, 255 workers were terminated during an involuntary reduction in force, and in 1995/1996, 431 workers left as part of a voluntary reduction in force. During the outyears of the Accelerated Cleanup Plan, additional work force reductions will occur. As projected in the May 1, 1996 *Environmental Restoration Acceleration Report*, a 37 percent work force reduction is expected over a 10-year period, through 2005.

FERNALD DEMOGRAPHICS

Fernald Community

The 1,050 acre FEMP site is located within Hamilton and Butler counties in Ohio. Eight hundred and fifty acres of the site are located within Hamilton County and 200 acres are located within Butler County.

The two counties are each governed by boards of commissioners. The three townships which surround the FEMP -- Crosby, Morgan and Ross townships -- derive authority from their parent counties, and are governed by three-member boards of trustees.

The Fernald Community Reuse Organization will be different from most other DOE Community Reuse Organizations since the site is not in or near an incorporated community. Most of the surrounding communities are unincorporated and are characterized as rural, agricultural or "bedroom communities" for Greater Cincinnati area commuters.

FERNALD EMPLOYMENT (as of 8/96)

Fluor Daniel Fernald Employees: 1,949
 hourly 639
 salaried 1,310

DOE-FEMP Employees: 54

Subcontractors: 788

PAYROLL

During fiscal year 1995, FEMP employees (Fluor Daniel Fernald and DOE-FEMP only) earned approximately \$125,004,529 million in annual wages and benefits.

Contracting Information

A \$150,000 start-up grant for the new Fernald Community Reuse Organization is requested from the DOE Office of Worker and Community Transition. The performance period is fiscal year 1997. The DOE FEMP will provide assistance in administering the grant for the Fernald Community Reuse Organization until the group's infrastructure is established.

The products expected at the end of the performance period include the group's public involvement plan; economic development strategy; initial scope of work for the community transition plan; and a planning grant package.

FERNALD COMMUNITY REUSE ORGANIZATION***Purpose of Fernald Community Reuse Organization***

As previously stated, the FEMP will have a projected decline in employment over the next 10 years as the site completes cleanup activities under the Accelerated Cleanup Plan. The Fernald Community Reuse Organization will develop a strategy to offset the impacts of downsizing on the local communities and will serve as a forum for regional planning and development issues. The group will evaluate and provide recommendations to DOE on the following socioeconomic issues:

- future land use planning for the FEMP;
- disposition of excess facilities and equipment; and,
- community transition and economic development opportunities for the surrounding communities.

Convening Process

To ensure formation of the Fernald Community Reuse Organization was fair, open and inclusive of all interests, DOE obtained a convener from the University of Cincinnati to determine and recommend the right mix of members and develop the group's charter and operating procedures. After four months of meeting with stakeholders, the convener submitted her recommendations to the DOE in late June, and DOE quickly approved her recommendations for membership. DOE convened the first meeting of the Fernald Community Reuse Organization on Aug. 17. An orientation retreat is scheduled on Sept. 14, and the group may hold its first public meeting in October.

CRO Membership

The Fernald Community Reuse Organization membership generally reflects the local communities surrounding the Fernald site. Members include Fernald salaried employees; union officials; community leaders; local residents; business leaders; local elected officials; educators; and regional planners. The chair is the superintendent of Ross Local School District. Each member has a two or three-year initial term, with opportunities for term renewal.

Members Names

Affiliation/Initial Term

Alisa Bollinger Rhodes
Robert Copeland
Sharon Cornwell
Lisa Crawford
Louis Doll

Fluor Daniel Fernald salaried employee; 2-year term
Morgan Township trustee; 3-year term
Fluor Daniel Fernald salaried employee; 3-year term
FRESH president; Task Force member; 2-year term
Cincinnati Building and Construction Trades Council
representative; 2-year term

Ralph Hennard

Fluor Daniel Fernald wage employee; International Guards Union
of America representative; 2-year term

William Hinkle

Hamilton County Communications Operations director;
3-year term

Maurice Hornbach

Crosby Township representative; former Fernald employee;
2-year term

Darryl Huff

Task Force member and local small business owner; 2-year term

Linda Krekeler

Fifth Third Bank Ross Banking Center manager; 3-year term

Dan Lawler

Crosby Elementary School principal; 2-year term

David McWilliams

Ross Local School District superintendent; 3-year term

Kenneth Moore

Hamilton County Regional Planning Commission administrator;
2-year term

*William Neyer

DOE FEMP employee

Thomas Renck

Ross Area Merchants member and local small business owner;
3-year term

Gary Storer

Crosby Township trustee; 3-year term

Robert Tabor

Fluor Daniel Fernald wage employee; Fernald Atomic Trades and
Labor Council representative; 2-year term

Donald Thiem

Ross Township trustee; 3-year term

Larry Thinnes

West Shell Realtors vice president and office manager,
3-year term

* ex-officio member

National Council for Urban Economic Development (CUED)

CUED has a contract with the U.S. DOE Office of Worker and Community Transition to provide short-term technical services to 10 communities affected by downsizing and/or closure of DOE sites. The Fernald Community Reuse Organization has elected to use CUED's services during the group's formative months to help identify social and economic issues and develop a strategy to address these issues.

In the fall of 1996, CUED economic development experts, experienced in economic/ community recovery and revitalization, will visit communities in and around the FEMP and meet with the Fernald Community Reuse Organization, local residents, elected officials, business leaders, and others to assess community issues and needs. CUED will then submit to the Fernald Community Reuse Organization its findings and recommendations to enhance and implement the group's economic development strategy.

GRANT REQUEST JUSTIFICATION

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Start-Up Grant

The Fernald Community Reuse Organization will use the start-up grant to retain professional consultant services and to organize and plan its economic development and public involvement strategy. Products to be developed by the community group and delivered to the DOE during the start-up phase include:

- public involvement plan;
- economic development strategy;
- initial scope of work for the community transition plan;
- planning grant package.

COST ESTIMATE

The initial grant cost estimate includes professional consulting services, travel for the Community Reuse Organization chair or designee to Office of Worker and Community Transition workshops or related events, and meeting room rental for group meetings. The consulting services are based on a 15-month performance period, from October 1996 through Dec. 31, 1997.

- 1.) **1,300 hours total @ \$100 per hour: \$130,000**
- 2.) **Travel to Cincinnati for CRO meetings (this assumes the selected consultant does not live in the Greater Cincinnati tri-state area.**
 - 15 trips to Cincinnati for CRO-related meetings during contract period
 - Reimbursement costs include airfare, rental car, lodging, and per diem, with receipts
 - \$700 round-trip airfare
 - per diem: \$69 per day for lodging, \$30 per day for meals
 - car rental: \$35 per day
 - gas/parking: \$50
 - Total for 15 trips: \$16,610**
- 3.) **Travel to National Stakeholders Workshops (or related events)**
 - Two, two-day trips
 - Reimbursement costs include airfare, rental car, lodging, and per diem, with receipts. (For estimate purposes only, the per diem is based on a trip to Washington D.C.)
 - \$1,000 round-trip airfare
 - \$324 per diem (@ \$162 per day based on Washington D.C.)
 - \$100 rental car (@ \$50 per day)
 - \$50 gas, parking
 - Total for two trips: \$2,948**
- 4.) **Meeting room rental for CRO public meetings**
Total for monthly CRO meetings: \$500

TOTAL COST: \$150,058

**FERNALD ENVIRONMENTAL
MANAGEMENT PROJECT**

OVERVIEW

Submitted to the Community Reuse Organization
Saturday, September 14, 1996

**PHYSICAL SETTING
AND
PRODUCTION HISTORY**

The Fernald Environmental Management Project (FEMP) is a 1,050 acre facility located in southwestern Ohio, approximately 18 miles northwest of downtown Cincinnati. The facility is located just north of the small rural community of Fernald, and lies on the boundary between Hamilton and Butler counties. Of the total FEMP property, 850 acres are in Crosby Township of Hamilton County, and 200 acres are in Ross Township of Butler County.

Production of uranium metal at the FEMP was limited to a fenced, 136-acre tract of land known as the former production area, located near the center of the site. Large quantities of liquid and solid wastes were generated by various operations. Before 1984, solid and slurried wastes from FEMP processes were stored or disposed of in the on-site waste storage area, located west of the former production area. The remaining FEMP property consists of forest and pasturelands, a portion of which is leased to nearby dairy farmers to graze livestock.

The land adjacent to the FEMP is primarily devoted to open land use such as agriculture and recreation. Commercial activity is generally restricted to the village of Venice (Ross), approximately 3 miles northeast of the facility, and along State Route (SR) 128 just south of Ross. Industrial use is concentrated in the areas south of the FEMP site, along Paddys Run Road, in Fernald, and in a small industrial park on SR 128 between Willey and New Haven roads. Residential units are situated immediately north of the FEMP site, in Ross, and directly east in a trailer park adjacent to the intersection of Willey Road and SR 128. Other residences located around the site are generally associated with farmsteads.

Because the area had been intensively used for agricultural purposes before the establishment of the FEMP, there is no land on or in the vicinity of the FEMP site where a predevelopment natural environment remains intact.

The primary mission of the FEMP site during its 37 years of operation was the processing of "feed" materials to produce high-purity uranium metal, thus the derivation of the site's original title, the Feed Materials Production Center. These high-purity uranium metal products were shipped to other DOE facilities. The Atomic Energy Commission (AEC), predecessor to the DOE, established the FMPC in conformance with AEC orders in the early 1950s. In 1951, NLO, a wholly-owned subsidiary of the National Lead Company, entered into a contract with the AEC as the operations and management contractor for the facility. This contractual relationship lasted, first with the AEC and finally with DOE, until January 1, 1986. Westinghouse Management Company of Ohio (WMCO), a wholly-owned subsidiary of Westinghouse Electric Corporation, then assumed management responsibilities for the site operations and facilities. In 1991, Westinghouse renamed this subsidiary the Westinghouse Environmental Management Company of Ohio (WEMCO) to correspond with the site name change of FMPC to

FEMP to signify the transition of responsibility from defense to environmental restoration programs. On December 1, 1992, the Fernald Environmental Restoration Management Corporation (FERMCO) assumed responsibility for the site as the first environmental restoration management contractor (ERMC) for the DOE. As of September 1996, FERMCO changed its name to Fluor Daniel Fernald to better convey the company's identification with the global Fluor Daniel organization.

The FEMP began limited operations in 1951 upon completion of the pilot plant. The pilot plant converted uranium hexafluoride (UF_6) to uranium tetrafluoride (UF_4). The UF_4 was used as feed material for Plant 5 (metals production plant). Also in 1951, Plant 1 (sampling plant) began operation for the sampling of impure uranium feed materials for analysis of uranium assay and isotopic enrichment.

In 1952, Plant 6 operations (metals fabrication plant) were initiated for the fabrication of finished cores. Later, the ingots were shipped off site for extrusion into tubes after they were machined, cored, and heat treated in Plant 6. These slightly enriched uranium ingots were shipped to the Hanford site in Richland, Washington. The extruded tubes of depleted uranium were shipped back to Plant 6 where they were cut, machined, and shipped to the Savannah River Plant in South Carolina. All reject cores were recycled through Plant 5 remelt operations.

Four plants became operational in 1953: Plant 2/3 (refinery), Plant 4 (green salt plant), Plant 5 (metals production), and Plant 8 (scrap recovery plant). Plant 2/3 converted impure feed materials (ore concentrates and recycled residues) from Plant 1 into pure uranium trioxide (UO_3). Beginning in 1962, this plant processed recycled tails containing trace quantities of fission products (technetium-99) and transuranics (plutonium-239). These tails were received from several DOE facilities (including the Hanford site). Plant 4 converted pure UO_3 from Plant 2/3 to pure UF_4 (green salt). Plant 5 converted pure UF_4 from Plant 4 into uranium metal derbies. The derbies weighed between 300 and 375 pounds and consisted of pure uranium metal and a by-product [magnesium fluoride (MgF_2) slag]. Plant 8 processed residues such as off-specification UO_3 and UF_4 , MgF_2 slag, ingots and cuts, sump cakes, and chips. Low-grade metal scrap was oxidized to uranium oxide (U_3O_8); fine material became feed for Plant 2/3 and coarse material was further oxidized in a muffle furnace.

With the initiation of operations in 1954 of Plant 7 (hex reduction plant) and Plant 9 (special products plant), all production plants were in full operation from 1954 to 1956. Production peaked at the FEMP in 1960 at approximately 12,000 metric tons of uranium (MTU) per year; this equates to 13,228 U.S. tons per year. A product decline began in 1964, and reached a low in 1975 of about 1230 MTU (1356 tons). The staffing level, which peaked at 2891 personnel in 1956, slowly declined to 538 personnel in 1979. In 1981, the FMPC began planning to accommodate increased production requirements in support of defense programs. Production levels significantly increased and there was a

rapid staff buildup for several years. Production operations were halted in the summer of 1989 because of reduced needs, nationwide, for the uranium products produced by the FEMP; at that point, plant resources began to be focused on regulatory compliance and environmental cleanup activities.

In June 1991, the site was officially closed as a federal production facility.

**FROM PRODUCTION TO
ENVIRONMENTAL RESTORATION**

The Fernald site must comply with environmental requirements established by a number of agencies governing daily operations at the site. These requirements fall into four general categories:

- Requirements imposed by federal statutes and regulations,
- Requirements imposed by state and local statutes and regulations,
- Requirements imposed by DOE Orders and directives, and
- Site-specific requirements imposed through agreements with regulatory agencies.

Because these requirements are initiated by several different sources, enforcement likewise falls under several federal, state, and local agencies. The United States Environmental Protection Agency (USEPA) develops, promulgates, and enforces environmental protection regulations and technology-based standards as directed by statutes passed by Congress. USEPA Region 5 implements the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) process, with the active participation of the State of Ohio EPA (OEPA). For some programs, USEPA has authorized the State of Ohio so that the Ohio regulatory program is enforced in lieu of the federal program. For these programs, Ohio promulgates state regulations which must be at least as stringent as the federal requirements and may be more stringent than the federal requirements. OEPA has authorized programs that issue permits, review compliance reports, inspect facilities and operations, and oversee compliance with the Resource Conservation and Recovery Act (RCRA), the Clean Air Act, the Clean Water Act, and the Safe Drinking Water Act. The site is also subject to several legal agreements with USEPA Region 5 and/or OEPA. DOE Headquarters issues directives to its field offices and conducts compliance audits. In addition, the Fernald site conducts internal audits.

Facilities and environmental media at the FEMP site contain radioactive and chemical constituents at levels that exceed certain federal and state standards and guidelines for protecting human health and the environment. Currently, DOE maintains custody of the property and restricts access with fences and security forces, precluding a member of the public from being exposed to the more heavily contaminated areas on the site.

**THE RI/FS PROCESS --- OUs, RODs,
AND SELECTED REMEDIES**

The Background of the Process

The purpose of DOE's environmental restoration program is to preclude the potential for impact on human populations now and in the future by implementing long-term cleanup solutions. DOE is addressing long-term management of the FEMP site through an integrated environmental decision-making process.

The Remedial Investigation/Feasibility Study (RI/FS) Process has been conducted at the Fernald site pursuant to the terms of a Consent Agreement entered into in 1990, and amended in 1991, by DOE and USEPA. The purpose of the RI/FS process is to identify and evaluate the array of plausible remedial action alternatives to be considered at the FEMP to address environmental concerns identified through the remedial investigation and engineering treatability studies. The concerns include the potential impacts on human health and the environment from past releases of hazardous materials from the FEMP to the air, water, and the surrounding soil; continuing releases of hazardous materials from the facility; and the on-property accumulation of a large inventory of uranium process materials and low-level radioactive and hazardous wastes. In November 1989, on the basis of these concerns and an evaluation of existing environmental sampling data, USEPA placed the FEMP on the National Priorities List (NPL), a list of sites requiring environmental cleanup under CERCLA as amended. The FEMP site includes all areas within the boundary of the FEMP and any off-property areas that received released hazardous substances, pollutants, contaminants, or hazardous constituents from the FEMP. Inclusion on the NPL reflects the importance placed by the federal government on completion of cleanup actions at the FEMP site.

The Five Operable Units

To promote a more structured and expeditious cleanup, the facility and associated environmental issues are being managed as five operable units. An operable unit is a term employed under federal environmental regulation to represent a logical grouping of environmental issues at a cleanup site. Separate RI/FS documentation has been issued for each of the five operable units at the FEMP. The five operable units for which RI/FS documents are being compiled are defined within the Amended Consent Agreement as:

- Operable Unit 1: Waste Pits 1 through 6; the Clearwell; the Burn Pit; and berms, liners, and soil within the OU1 boundary
- Operable Unit 2: the Solid Waste Landfill, Lime Sludge Ponds, Inactive Fly Ash Pile, Active Fly Ash Pile, and the South Field Area
- Operable Unit 3: Former production area and production-associated facilities and equipment (includes all above- and below-grade improvements; approximately 200 former uranium processing facilities) including, but not limited to, all structures, equipment, utilities, drums, tanks, solid waste, waste,

product, thorium, effluent lines, a portion of the K-65 transfer line, wastewater treatment facilities, fire training facilities, scrap metal piles, feedstocks, and the coal pile

- Operable Unit 4: Silos 1 and 2 (K-65 Silos), Silo 3 (metal oxide silo), Silo 4 (empty), ancillary structures, contaminated soils within the OU boundary, and any contaminated perched water encountered during remedial activities
- Operable Unit 5: Environmental media including groundwater (both perched and the Great Miami Aquifer), surface water, soil not included in the definitions of Operable Units 1 through 4, sediments, flora, and fauna.

The Phases Leading to Remediation

The goal of the RI phase is to compile existing environmental data at the site and undertake the necessary field investigations to develop a detailed understanding of the nature and extent of environmental media contamination and the risk the contaminants pose to human and environmental receptors. This detailed understanding is developed to the degree necessary to support the decision on whether remedial action is warranted and to support the evaluation of available remedial action alternatives in the FS.

The purpose of the FS phase is to evaluate the range of available cleanup alternatives to address contaminated environmental media. It is prepared in accordance with USEPA guidance and provides a conceptual level of detail on each of the alternatives evaluated.

A separate document, the Proposed Plan (PP), summarizes the results of the FS and identifies a preferred alternative for potential implementation. The PP provides the reader with a summary of RI results and FS information. Following consideration of agency and public comments, a Record of Decision (ROD) is issued documenting the selected alternative. Following selection of the remedy in the ROD, remedial design and remedial action work plans are written describing the detailed engineering design and implementation phases, as well as the schedules for the remedial action.

Selected Remedies

The Final OU1 ROD was signed by USEPA on March 1, 1995. **The selected remedial action, as presented in the OU1 ROD, is excavation of waste pit contents, processing and treatment of the waste by thermal drying (as necessary to remove free water), and offsite disposal at a permitted commercial disposal facility.**

The Final OU2 ROD was signed by USEPA on June 8, 1995. **The selected remedial action, as presented in the OU2 ROD, is excavation and onsite disposal of waste materials in an engineered facility.**

Consensus on the OU2 remedial action was reached not only through review by USEPA and OEPA, but also through an active stakeholder involvement process.

The OU3 Record of Decision for Interim Remedial Action was signed in July 1994 to accelerate the decontamination and dismantlement of the more than 200 buildings and structures at Fernald. Legacy materials stored in the buildings are being removed and treated, as appropriate, and shipped offsite for disposition under the auspices of ongoing removal actions. Further information concerning legacy wastes is contained in the "Waste Management" section of this document.

As agreed to by both USEPA and OEPA, a streamlined RI/FS Report was prepared to support the decision on final disposition of materials removed during the decontamination and dismantling of the former production buildings, structures, and equipment. The Draft combined OU3 RI/FS was submitted to USEPA September 11, 1995, approximately 11 months in advance of the previously expected date of August 1996. The Draft Final combined OU3 RI/FS was submitted to USEPA on December 14, 1995.

The OU3 ROD for Final Remedial Action, addressing final disposition for OU3 materials, was submitted to USEPA on August 22, 1996, with final approval expected before the end of FY96. **The ROD features a "balanced approach" to disposition decisions, which involves balancing the offsite disposal of smaller quantities of higher-contaminated ("primary threat") materials with onsite disposal of larger quantities of lower-contaminated materials. Additionally, the ROD allows for recycling/reuse of materials, as economically feasible.**

The selected OU4 remedial action, as presented in the OU4 ROD (signed by USEPA on December 7, 1994), is to remove and vitrify the contents of Silos 1 - 3 and the decant sump tank, then ship the vitrified waste for disposal at the Nevada Test Site.

Although the OU4 ROD identified vitrification as the preferred treatment alternative for all silo residues, technical problems associated with vitrification are expected to lead to a substantial schedule delay. The physical, chemical, and radiological characteristics associated with the contents of Silo 3 make it a leading candidate for an alternative treatment, a course of action which would allow for improvement of the overall OU4 remediation project schedule. A possible alternative form of remediation is currently being discussed with the Agencies and the public which involves removal of the Silo 3 residues, treatment of the residues by a solidification/stabilization process such as cementation, and offsite disposal of the treated residues.

The Final OU5 ROD was signed by USEPA on January 31, 1996. **The selected remedial action for OU5 consists of excavation of contaminated soil, placement of the soil in an on-property disposal facility, and the restoration of the Great Miami Aquifer to its full beneficial use by pumping and treating contaminated groundwater.**

Waste Management

Waste at Fernald falls generally into three categories:

- low-level radioactive waste,
- hazardous waste, and
- mixed (radioactive and hazardous) waste

The waste is stored in six pits, three silos, and thousands of 55-gallon drums and other containers. The treatment, storage, and disposal of hazardous waste must meet requirements of the Resource Conservation and Recovery Act of 1976 (RCRA) and its subsequent amendments. Characterization and analysis of all waste material at Fernald is necessary to determine the precise nature, quantity, and location of each kind of waste, and how each should be handled under RCRA. Ongoing waste management activities include sampling of suspect RCRA materials, overpacking deteriorated drums to prevent escape of radioactive and hazardous materials into the environment, and proper storage and handling of RCRA regulated waste.

Waste material regulated under RCRA requires stringent storage and handling methods. Under Fernald's RCRA Implementation Plan, configured hazardous waste accumulation areas have been established at several locations throughout the facility and procedures have been implemented for routine inspections. RCRA storage warehouses are equipped with security, emergency response, and environmental protection capabilities. Other buildings on site also have been refurbished to allow safe storage of hazardous materials.

The Fernald site has an aggressive program in place to ship low-level radioactive waste offsite for disposal. This waste includes waste generated from construction and restoration activities, and legacy waste, which is defined as waste containerized prior to October 1, 1994. Of a total of 37,236 containers of legacy waste stored onsite in December 1994, a total of 11,165 containers have been shipped as of September 9, 1996. Offsite shipment of low-level radioactive legacy waste is anticipated to be substantially complete by the end of FY97.

DOE is required by RCRA, as amended by the Federal Facility Compliance Act (FFCA), to prepare plans describing the development of treatment capacities and technologies for treating mixed waste. FFCA requires site treatment plans (STPs) to be developed for each site at which DOE generates or stores mixed waste. These STPs are then submitted to the state or to USEPA for approval.

The FFCA, signed on October 6, 1992, grants no sovereign immunity for fines and penalties for RCRA violations at federal facilities. However, a provision waives the effective date for three years from the enactment of the statute for mixed waste land

disposal restriction (LDR) violations at DOE sites and requires DOE to prepare plans for developing the required treatment capacity for mixed waste. The FFCA further provides that DOE will not be subject to fines and penalties for LDR violations for mixed waste as long as it is in compliance with an approved plan and order.

The STP is required to address all mixed waste at the site, regardless of the time of generation. The plan must provide a schedule and milestones for constructing the necessary treatment capacity in the case of mixed waste for which identified treatment technologies exist. For mixed waste without an identified existing treatment technology, the plan must include a schedule for identifying and developing technologies. The OEPA issued Final Findings & Orders of the Director (DF&O) approving the Fernald Site Treatment Plan (STP) on October 4, 1995. The plans developed to implement the DF&O on the STP are incorporated in Removal Action No. 9, Removal of Waste Inventories. The primary treatment technologies presently in use at the site include stabilization (through a means such as cementation), neutralization (through blending with a neutralizing agent to achieve a more manageable product), and incineration at an offsite location (specifically, the TSCA Incinerator in Oak Ridge, Tennessee).

Removal Actions

During the RI/FS process, certain conditions were identified which required early action to address releases or potential releases of hazardous substances to the environment. The actions deemed necessary to address these problems are called removal actions. Removal actions are primarily intended to abate, minimize, stabilize, mitigate, or eliminate a release of hazardous substances, pollutants, or contaminants before implementing a final remedial action. These actions are typically initiated during the RI/FS before the issuance of a ROD to accelerate cleanup actions to address releases of hazardous substances. Under the terms of the Amended Consent Agreement and in accordance with authorities granted to DOE under CERCLA, a number of removal actions and other abatement measures have been completed or are underway at the FEMP to reduce discharges of hazardous substances to Paddys Run and the Great Miami River. These actions have been (or are being) implemented as best management practice initiatives, or to achieve compliance with DOE Orders or state discharge limits.

Major removal actions at the FEMP have included specific activities to capture and treat contaminated run-off, to control further migration of contaminated groundwater, and to minimize dispersion in air of contaminated particulates. Most of Fernald's 30 identified removal actions have been completed; at the end of calendar year 1995, only eight remained open. As a result of using removal actions to address immediate threats, and dividing the OU3 remedy process into two phases, the remedy decision process has been accelerated by more than three years.

Environmental Monitoring

The RI/FS site characterization and routine environmental monitoring programs provide information on the nature and extent of contamination, including information for areas off the FEMP property to which contaminants have migrated or could migrate in the future. The environmental monitoring program focuses on estimating the reasonable maximum exposure (RME) that current neighboring residents could potentially receive as a result of FEMP operational activities and also provides data that can be examined over long periods of time (i.e., months, years, and decades) to provide an early indication of any adverse change in environmental conditions. The FEMP environmental monitoring program continued throughout the RI/FS decision process and will remain in place during the period of remedy implementation to ensure the continued protection of the neighboring public and the environment, addressing all media including soil, groundwater, surface water, sediment, air, and biota. It consists primarily of two major activities---effluent monitoring and environmental surveillance.

Information generated under the environmental monitoring program is intended to fulfill the needs of the DOE, USEPA, OEPA, and the public. Data is periodically transmitted through such vehicles as the annual Site Environmental Report and recurring reports to the Agencies, as well as in response to specific requests by various working groups or individual members of the community.

**THE REMEDIATION PROCESS ---
WHERE ARE WE NOW?**

Remedial Design/Remedial Action

The RI/FS process is focused on developing technical data associated with remedial alternatives to the extent necessary to support a fair and unbiased evaluation of each of the alternatives against criteria established by federal guidelines. The alternative development process is typically completed at a conceptual level. While developing alternatives to this extent in the FS is sufficient to support remedy selection, a significant level of additional detail is required for the field implementation of the selected alternative. The process to provide this additional detail on the selected alternative is termed remedial design (RD). The purpose of RD is to complete the necessary engineering designs, specifications, and bid packages to enable the safe and cost-effective implementation of the selected alternative.

The Amended Consent Agreement specifies that a RD work plan be submitted by the DOE 60 days after finalization of the ROD for each of the operable units. The work plan is to contain a schedule for completion of RD and establish the interrelationship among DOE, USEPA, and OEPA regarding the design review and approval process. The RD process will revisit the conceptual plans outlined in the FS for the selected alternative and make the necessary refinements and improvements to increase the level of technical detail to enable the implementation of the alternative. Such refinements will include reanalyzing the proposed process flow diagrams, material balances, and fundamental technical assumptions underlying the selected alternative, without jeopardizing its goal of protecting human health and complying with established regulations.

The Amended Consent Agreement also requires the DOE to submit the remedial action (RA) work plan to the Agencies for approval. The schedule for submittal of the RA work plan is to be established through the approved RD work plan. The RA work plan will include, but not be limited to, the following: a sampling and analysis plan which includes a quality assurance plan and a field sampling plan; a health and safety/contingency plan; a plan for satisfaction of permitting requirements, if any; a groundwater monitoring plan; and an operations and maintenance plan. This work plan will also define the interrelationship among the DOE, USEPA, and OEPA regarding the review and oversight of remedy implementation. Under CERCLA, remediation activities are required to begin within 15 months after approval of the ROD and progress continuously from that time.

As a result of accelerated cleanup efforts at the site, almost all remediation activities are expected to be completed by the end of FY05. The following information is a general outline of current remediation status for each of the five operable units.

Operable Unit 1

Activities are underway to prepare the site for construction and operation of remediation facilities; they include such items as drainage pipe modification, construction of a retaining wall, installation of erosion control, site clearing and grading prior to construction of the waste processing facility, and activities required to construct the stormwater management system which will support OU1 remediation. Design activities are also in progress to support necessary onsite rail improvements.

Additionally, to reduce cleanup costs associated with OU1 remediation, DOE has approved an Alternative Remedial Action Subcontracting Approach (ARASA), under which a subcontractor will be responsible for excavating and processing the waste materials and loading the processed waste into railcars for shipment. FERMCO will be responsible for shipping and disposal activities and will oversee all operations of the OU1 remediation process. Comments on the ARASA Statement of Work have been requested from the Agencies, and prospective vendors have also been asked to review and comment on a Draft Request for Proposal.

Operable Unit 2

The design phase of the Onsite Disposal Facility (OSDF) is now essentially complete; initial preparation for construction activities has begun. Work is also proceeding on the design of the primary waste haul road and the excavation of the OU2 waste units.

In order to integrate excavation activities across the FEMP, a Sitewide Excavation Plan (SEP) is being developed to present and explain soil excavation and management practices to be used consistently throughout the site. Integrated Remedial Design Packages (IRDPs) for the various projects will address area-specific information and will reference the SEP. The SEP is expected to be available in March 1997.

Operable Unit 3

In June 1995, the Agencies approved the *Operable Unit 3 Prioritization and Sequencing Report*, which presented the framework used to determine the priority and sequence of remediating Fernald structures. The dates for submitting implementation plans for future D&D projects were recently revised, based on Fernald's accelerated remediation schedule, and these new enforceable dates were approved by the Agencies in June 1996.

The most obvious recent D&D activity involved the successful implosion of Plant 4 on August 24, 1996; steel, concrete, and other materials are being cut with shears, stacked, and placed back on the Plant 4 slab to await final disposition according to the Draft Fernald Methodology for Scrap Metal Disposition Alternatives, and in accordance with the OU3 ROD. Some of the disposition options being considered include recycling, reuse, and onsite or offsite disposal. D&D is also continuing in Plant 1. In addition, Safe Shutdown activities are underway in Plant 5 and planning continues for Plant 2/3.

Operable Unit 4

Construction of Fernald's pilot-scale vitrification plant, the operation of which is designed to support development of final vitrification processes, was completed in May 1996. A two-phase Vitrification Pilot Plant Treatability study is being conducted to demonstrate integration of equipment and operation of the pilot plant, to verify formulations developed from previous bench-scale studies, and to produce a satisfactory glass product which is in compliance with the acceptance criteria required for disposal at Nevada Test Site. Phase I testing operations on nonradioactive surrogate materials began in June 1996 and will take at least eight months to complete. This phase is expected to produce approximately 90 metric tons of glass. Phase II operations will utilize radioactive materials from Silos 2 and 3.

Several remedial design packages pertaining to the full-scale Fernald Residues Vitrification Plant have already been submitted to the Agencies, including the pre-final site preparation and underground utilities design package and the silo superstructure design package. The former package has been approved and a construction subcontract awarded, with construction currently in progress.

Operable Unit 5

The Final Remedial Design Work Plan was submitted to the Agencies on August 23, 1996, and is awaiting full approval. Several documents, including a preliminary design package as well as testing and strategy reports, will be submitted to the Agencies within the month of September.

Work associated with the Advanced Waste Water Treatment (AWWT) Facility Multi-Media Filter Project nears completion, preliminary design is complete on the South Plume Optimization and Injection Demonstration groundwater restoration modules, and certified-for-construction drawings are being completed on the AWWT Expansion.

SOURCES

1. **FEASIBILITY STUDY REPORT FOR OPERABLE UNIT 5**, Fernald Environmental Management Project, Fernald, Ohio, Remedial Investigation and Feasibility Study, FINAL, Volume 1, dated June 1995
2. Chapter 3, "Environmental Compliance Summary," of the **1995 Site Environmental Report**, dated May 29, 1996
3. **Fact Sheet: Evaluation of Silo 3 Alternatives**, dated August 1996
4. **Fernald Fact Sheet**, no. 4001, undated
5. Fact Sheet, **Operable Unit 1, Waste Pits Remedial Action Project**, dated July 1996
6. Fact Sheet, **Operable Unit 2, Soil Remediation Project**, dated July 1996
7. Fact Sheet, **Operable Unit 3, Facilities Decontamination & Dismantlement project**, dated July 1996
8. Fact Sheet, **Operable Unit 4, Silos Project**, dated July 1996
9. Fact Sheet, **Operable Unit 5, Aquifer Restoration Project**, dated July 1996
10. Memorandum M:CRU5:96-0078, M. Jewett to Distribution, **Distribution of the Draft FEMP Integrated Environmental Monitoring Plan**, dated July 31, 1996, transmitting **INTEGRATED ENVIRONMENTAL MONITORING PLAN**, Fernald Environmental Management Project, Fernald, Ohio, Revision B, dated August 1996
11. Proposed Plan for Operable Unit 5, **Environmental Media**, Fernald Environmental Management Project, Fernald, Ohio, FINAL, dated April 1995
12. Proposed Plan for the Operable Unit 3 Final Remedial Action, **Treatment and Disposition of Buildings and Structures at Fernald**, Document Control No. OU3-3001, dated February 1996
13. Fernald Environmental Management Project **Proposed Site Treatment Plan**, STP-001. Rev. 1, undated
14. **Fernald Site Environmental Monitoring Plan**, PL-1002, Revision No. 2, effective June 1, 1995

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NRT BACKGROUND

FERNALD

- Cleanup of the Fernald site being conducted under CERCLA.
- Site was listed on the CERCLA National Priority List (NPL) in 1986.
- Purpose of CERCLA to provide for liability, compensation, cleanup, and emergency response for hazardous substances released into the environment and for the cleanup of the hazardous waste disposal sites.
- Site was divided into five operable units for ease of management during RI/FS process.

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NRT BACKGROUND

FERNALD

Designation of Trustees:

- **CERCLA Section 107 (f) (2) (A):**
Requires the President to designate Federal officials as guardians of natural resources.
- **CERCLA Section 107 (f) (2) (B):**
Requires the Governor of each state to designate state officials as guardians of natural resources.
- **CERCLA § 107 (a) (C) and (f) (1) impose responsible party liability for the injury to, destruction of, or loss of natural resources resulting from the release of a hazardous substance or oil spill.**

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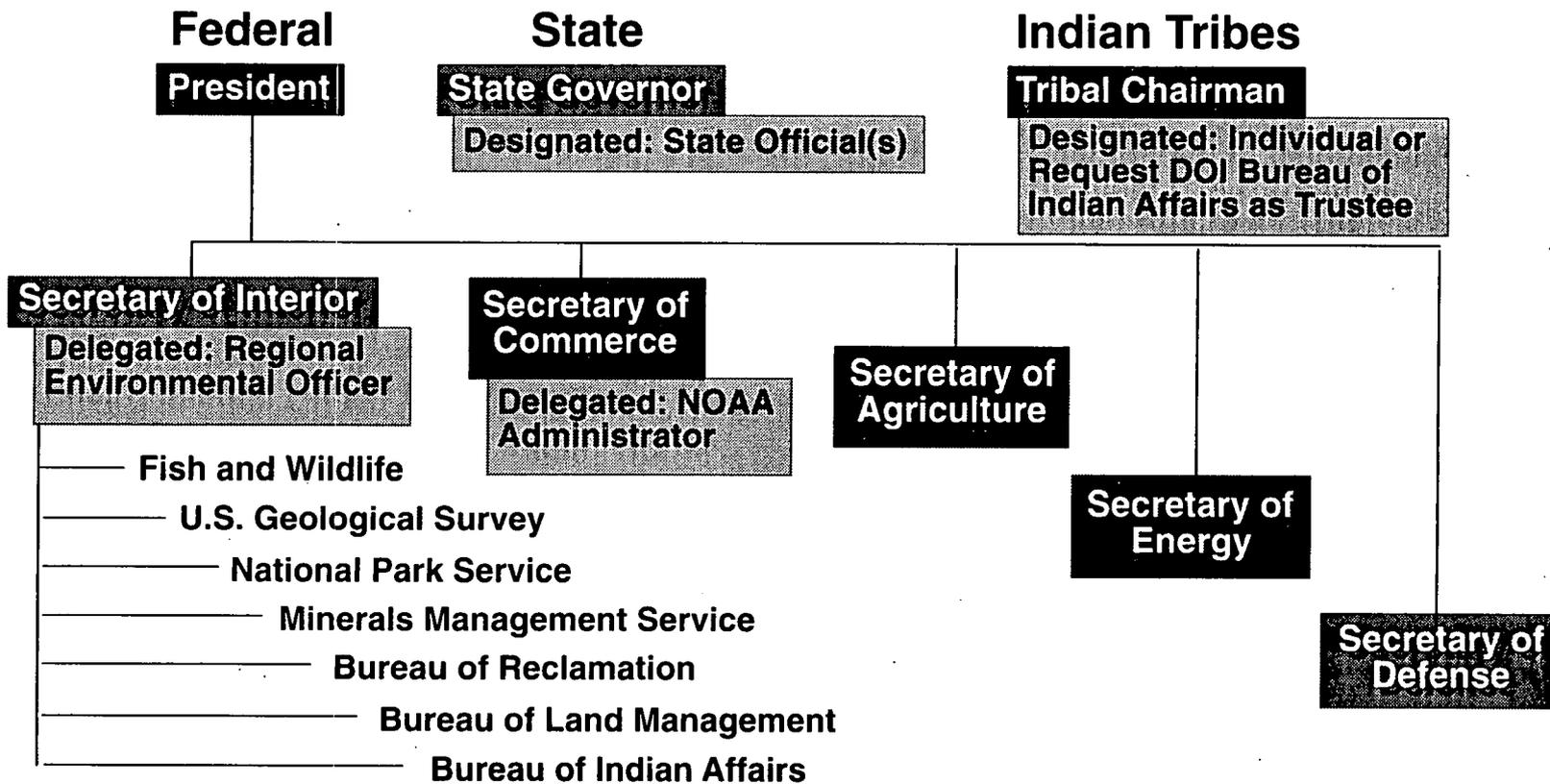
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NATURAL RESOURCES AT FERNALD

FERNALD

Potential Natural Resource Trustees?



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Graphics #3820.13 1/96

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NRT BACKGROUND

FERNALD

- Trustees acting as guardians of Fernald's natural resources include the DOI, OEPA, and DOE.
- State of Ohio 1986 Lawsuit included a claim for injury to, destruction of, and loss of natural resources.
- Consent Decree between the State of Ohio and DOE - December 2, 1988 "Stays" the natural resource claim until completion of the RI/FS.
- Initiated contact with potential Trustees in October 1993 - Ongoing teleconferences.

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NRT PATH FORWARD

FERNALD

- Trustees agree that their emphasis must be on the restoration of natural resources.
- A formal natural resource damage assessment (NRDA) distracts from this emphasis and is not in the best interests of the resources, the public, or the Trustees.
- Trustees propose integrating our natural resource concerns with remediation activities for the Fernald site.
- Integration Process:
 - Utilize existing natural resource information gathered under the CERCLA process to identify impacts.
 - Evaluate prior removal and selected remedial activities to identify which activities resolve Trustee concerns.

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NRT PATH FORWARD

FERNALD

- **Integration Process (contd.)**
 - **Develop additional restoration activities needed to account for residual impacts.**
 - **Incorporate issues identified in the State of Ohio's natural resource damage claim.**
- **Trustees have indicated a preference for on-property restoration of impacted natural resources.**
- **It is essential to continue to inform the public of the Trustees' activities and to continue interaction with CRO, FCTF, etc.**

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FERNALD

Environmental Management Project

September 6, 1996

Mr. James Saric, Remedial Project Manager
U.S. Environmental Protection Agency
Region 5 - H5F - 5J
77 West Jackson Boulevard
Chicago, IL. 60604-3590

Dear Mr. Saric:

The purpose of this letter is to advise you of the tentative path forward for the Fernald site Natural Resource Trustees¹. As you know, the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Executive Order 12580, and the National Contingency Plan collectively require certain federal and state officials to act on behalf of the public as trustees for natural resources.

The Trustees for the Fernald site are the Secretary of the U.S. Department of Energy (DOE), the Secretary of the U.S. Department of the Interior (DOI), and the Director of the Ohio Environmental Protection Agency (Ohio EPA) as appointed by the governor of Ohio. As trustees, our main obligation is to act on behalf of the public by assessing impacts and acquiring, replacing, or restoring the equivalent of the impacted resources at the Fernald site. We have been meeting since June 1994 evaluating Fernald natural resource data and identifying and discussing various issues related to our obligations. Currently, the trustees are in the process of reviewing all pertinent data and information generated at the site to determine if it is sufficient basis for a Natural Resource Damage decision on assessment and restoration. Obviously, if there is sufficient information upon which to base such a decision, the trustees will be able to save the time and expense of a protracted evaluation.

To meet our trustee obligations, we propose integrating our natural resource concerns with response and remediation activities for the Fernald site. This integration entails utilizing existing natural resource information gathered under the CERCLA process to identify natural resource impacts. After reviewing the impact information, the Trustees will evaluate the previous response and selected remedial activities for the Fernald site to determine the extent to which the activities resolve Trustee concerns. The Trustees will then evaluate the need to develop restoration activities in addition to remediation to account for any residual impacts as well as the duration of the past impacts. One aspect of this integration includes incorporating issues identified in the State of Ohio's natural resource damage claim within any type of Trustee resolution.

You should be aware that the Trustees have indicated a preliminary preference for on-property restoration of impacted natural resources, to the extent that this is practical. In addition, the Trustees agree that it is essential to continue to inform the public of the Trustees' activities. To this end, the Trustees distributed a fact sheet with background information in March 1996 and will develop another fact sheet identifying opportunities for public involvement. The Trustees are also interacting with representatives of the Fernald Citizen's Task Force (FCTF) and the recently formed Community Reuse Organization (CRO).

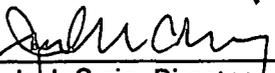
¹As you know, the State of Ohio has a Natural Resource Damage claim that is currently pending in State of Ohio, ex rel. v United States Department of Energy, Case C-1-86-0217, S.D. Ohio. This letter incorporates a potential compromise to that claim, and thus, is not admissible as evidence against the State of Ohio or U.S. DOE. Further, U.S. DOE and the State of Ohio agree that this letter will not be used as an admission of the State of Ohio or the U.S. DOE in any proceeding.

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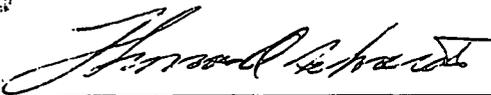
James Saric
Page 2

We hope that this letter has provided you with a description of the tentative path forward for the Fernald site Natural Resource Trustees. If you have any questions or require additional information, please feel free to contact any of the Natural Resource Trustee Representatives at the addresses provided.

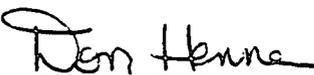
Sincerely,

 9/6/96

Mr. Jack Craig, Director (Date)
U.S. Department of Energy
Fernald Area Office
P.O. Box 538705
Cincinnati, OH 45253-8705

 8/20/96

Mr. Thomas A. Schneider (Date)
Office of Federal Facilities Oversight
Ohio Environmental Protection Agency
Southwest District Office
401 East Fifth St.
Dayton, OH 45202-2911

 8/15/96

Mr. Don Henne (Date)
Office of Environmental Policy and Compliance
U.S. Department of the Interior
U.S. Custom House, Room 217
200 Chestnut St.
Philadelphia, PA 19106

c: John Applegate, FCTF
Stephanie Bogart, DOE-FN
Terry Finn, OAG
Terry Hagen, FERMCO
Tim Hull, OEPA
Jeff Hurdley, OEPA
Barbara Huss Mazur, U.S. EPA

Arlen Hunt, FERMCO
Maria Kreppel, CRO
Bill Kurey, U.S.F.W.S.
Gary Stegner, DOE-FN
Sue Walpole, FERMCO
Eric Woods, FERMCO
Pete Yerace, DOE-FN

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NATURAL RESOURCE TRUSTEESHIP

What is a Natural Resource Trustee?

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Executive Order 12580, and the National Contingency Plan collectively require certain federal and state officials to act on behalf of the public as trustees for natural resources. Trustees for the Fernald site are the secretary of the U.S. Department of Energy (DOE); the secretary of the U.S. Department of the Interior (DOI); and officials of the Ohio Environmental Protection Agency (Ohio EPA), appointed by the governor of Ohio.

The trustees' role is to act as guardians for public natural resources at or near the Fernald site. The trustees are responsible for determining if natural resources have been injured as a result of a release of a hazardous substance or oil spill from the site and if so, how to restore, replace, or acquire the equivalent natural resources to compensate for the injury. DOE, as the responsible party, is responsible for costs related to natural resource injury, in addition to costs associated with remediation of the site.

What are natural resources and injuries?

CERCLA defines a natural resource as land, fish, wildlife, biota, air, water, groundwater, drinking water supplies and other such resources belonging to, managed by, held in trust by, or appertaining to, the trustees.

Injury is defined as a measurable, adverse change in the chemical or physical quality or the viability of a natural resource.

Why you need to know about this

The Natural Resource Trustees act on behalf of the public. Members of the public who have an interest in this process should provide input to the trustees. The trustees have indicated a preliminary preference for on-property natural resource restoration. If the site's trustees recommend on-property restoration, portions of the Fernald site would be permanently committed to natural resource management activities. Since decisions regarding this issue may influence final land use at the Fernald site, it is critical that all stakeholders be informed and have a chance to participate in this process.

What has happened so far?

The state of Ohio included a \$206 million claim for natural resource injury in its 1986 lawsuit against DOE.

In 1988, Ohio and DOE agreed to put this claim on hold until the signing of the site's record of decision. In 1993, DOE initiated discussions with the trustees to determine the feasibility of integrating the trustees' concerns with future remedial design activities. The trustees have identified their desire to fulfill their obligations by integrating their concerns with remedial design and restoration activities.

How can you get involved?

DOE, DOI, and Ohio EPA are committed to providing opportunities for Fernald stakeholders to be involved during each step in the resolution of trustees' issues. Public involvement throughout this process will be publicized and encouraged by the trustees. The trustees have tentatively agreed to focus on a stream-lined method for assessing natural resource injury and restoration at the site, as opposed to conducting a formal natural resource damage assessment.

It is anticipated that the trustees will develop a plan for natural resource restoration. This plan would be available to the public for review. Development of a restoration plan for the Fernald site's natural resources may be integrated with CERCLA remedial design efforts at the site, if determined feasible and appropriate.

The trustees will continue to notify Fernald stakeholders about relevant meetings and the availability of key reports or information.

This process is in the early stages of development; therefore, any suggestions or comments as to how the process should work are welcome.

How do you get more information?

More information about the natural resource trustees is available at the Public Environmental Information Center, 10845 Hamilton-Cleves Highway, Harrison, Ohio, 45030. Call the center at 513-738-0164 for information about its hours.

You may also call DOE Fernald Area Office Public Information Director Gary Stegner, 513-648-3153, for additional information, or Tom Schneider, trustee representative for the Ohio EPA, 513-285-6466.

In addition, the Fernald Citizens Task Force has established a subcommittee on natural and cultural resources and is following this process closely. Suggestions or comments by the public can be directed to the task force subcommittee through Doug Sarno, President, Phoenix Environmental Corp., 513-648-6478.

Community Transition Funding
Types of Grants
Proposed Guidance for Fiscal Year 1997 Requests

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Start-up Grant Requests

Purpose: One-time grants to facilitate creation of a CRO, development of a public participation plan, development of scopes of work for impacts analysis and strategic plan, and development of planning grant package.

Start-up grants are generally around \$100,000 and may cover up to two fiscal years. They may be applied for at any time in the DOE budget cycle, based on knowledge by the field office that workforce reductions or budget reductions are likely to occur within 18 months. Award of a start-up grant should be automatic if WT and field office concur with prospect of reductions and viability of proposal and recipient. Applications must include information about how area local governments, economic development organizations, labor, and other key stakeholders will be involved with creating the CRO. Award of a start-up grant does not assure future funding.

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Planning/Operation Grant Requests

Purpose: Grants to CRO's to pay for administrative costs and planning studies during the strategic planning/impact assessment phase. These grants have generally been in the range of \$250,000 to \$400,000.

Applications must include the following elements:

1. The purpose and need for community transition.
2. A description of the Community Reuse Organization, including its membership, functions, scope, and decision-making procedures.
3. How the strategic plan will be developed. (See Guidance)
4. A program plan including proposed scope of work, performance measures and milestones, for both CRO-conducted activities and those proposed to be done by contractors.
5. Required federal grant application forms and financial information, as specified in the Guidance.
6. A summary of the CRO-approved public participation plan which includes discussion of access to meetings and records, broad community involvement, fairness of opportunity for receipt of program benefits, and avoidance of conflicts of interest.
7. A discussion of CRO coordination with the applicable Site, the site specific advisory board, and regional planning and economic development activities. Also include what non-DOE resources will be utilized in this phase.
8. Any programs to be conducted prior to completion of or concurrent with the strategic plan.

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Project Implementation Grants

Purpose: To support implementation of community transition strategic plan.

Project grants typically provide financial assistance for a comprehensive, multi-year community transition program—generally a 3-year program but not more than five years. The program must be based on meeting the community transition needs and responding to the strengths, opportunities and constraints identified in the strategic planning process. Components may include programs conducted directly by the CRO, contract services, as well as competitively-based financial assistance for economic development activities. Types of programs that have been funded include small business incubators, revolving loan funds, marketing of excess DOE property, entrepreneurial development, technology transfer assistance, and targeted seminars. CRO administrative costs should be included. In the past, project implementation grants have ranged from \$400,000 to \$5 million.

Project grant requests should contain the following elements:

1. A thorough description of program elements.
2. Highlights of relevant economic, social, financial, institutional, or other problems identified in strategic planning process and the extent to which the proposed projects meet these needs. Demonstrate an understanding of the community transition problems being addressed.
3. A description of how the plan was developed, including public participation and the composition of the CRO.
4. A program plan including proposed scope of work, objectives, targets, performance measures and milestones, for both CRO-conducted activities and those proposed to be done by contractors. A timeline of proposed activities and expenditures by quarter and fiscal year.

(See Guidance for discussion of performance measures. They should generally include elements such as the following: job creation, especially those that will employ dislocated DOE site workers; local economic growth or diversification, number of businesses assisted; commercialization of site-developed technology; reuse of site facilities or personal property, compatible with the site's mission and consistent with environmental requirements; mitigation of socioeconomic impacts.)

6. Required grant application forms and financial information, as specified in the Guidance.
7. Any anticipated preferences or nontraditional-competition elements of the program, and their relationship to program objectives

10. A discussion of CRO coordination with the applicable Site, the site specific advisory board, and regional planning and economic development activities, labor, and the business and academic communities.
11. A description of other public or private resources to be used in the program.
12. A discussion of CRO coordination with units of federal, state, local or tribal governments. Demonstration that proposed project(s) will augment and not duplicate current community efforts.
13. Plans, if any, to support CRO operating and program costs following completion of the project grant (i.e. self-sustaining mechanisms, local or non-DOE support, revenue/income generation, future DOE funding, transfer of programs to other organizations).
14. Identification of any time-sensitive opportunities, or other pertinent background information.
15. If multi-year funding is anticipated, show how this year's increment relates to prior year activities and what will happen if future year funding is reduced or eliminated.

The National Council for Urban Economic Development

What is the purpose of this project?

The National Council for Urban Economic Development has been selected by the US Department of Energy to provide technical assistance to CROs across the country. CUED has expertise in designing and implementing economic development and economic diversification strategies.

The CUED project in Fernald will be designed to assist the CRO in identifying an appropriate role for the organization. CUED will work with the CRO, local economic developers, local businesses, and others involved in the local economy to identify those services that can be provided by the CRO and that meet the goals of the CRO.

How will CUED do this?

CUED has designed an intensive process which brings national expertise in economic conversion to the local level. CUED will assemble a **technical assistance team** of experts who have implemented economic adjustment programs in other communities. The project will center around a two-day site visit where the CUED team will meet with various local officials.

The two-day site visit will be organized so that the CUED team can gain an understanding of: 1) goals and objectives of CRO board members, 2) existing economic development programs in the region, 3) the need for additional economic development services in the region.

Based upon the information taken from these meetings and upon background information collected on the local economy, the CUED team will recommend what initiatives it believes the CRO should undertake given the local economy and the provision of existing economic development services. The recommendations will be aimed at reducing service overlap and enhancing coordination among the region's many economic development organizations. They will also be aimed at focusing those services on the Fernald region.

What types of questions are asked?

The two-day site visit will be organized into topic-specific meetings where the CUED team will meet with various representatives from local organizations. These meetings will **not** be formal presentations or formal question-and-answer sessions; rather, they will be informal, round-table discussions between the CUED team and the participants. From its 20 years of providing technical assistance, CUED has identified this to be the most effective way of drawing out the major economic development issues, obstacles and opportunities.

Participants will be asked to discuss what they feel are the largest economic development obstacles and opportunities in the region. Economic developers will be asked to describe specific economic development programs. Local lenders will be asked to describe the small business lending environment. Local business owners will be asked to discuss their ability to grow in the local economy.

What will be required of the CRO board?

The CRO is considered the client in this process. CUED will be making its final recommendations and presenting its final report to the CRO. CUED asks that the CRO members attend the final session of the two-day site visit to hear CUED's recommendations and to ask questions of the CUED experts. The first session

of the two-day visit is intended to give the CUED team an overview of the conditions in the region and to provide them with information on the goals and objectives of the CRO. CRO board members are encouraged to participate. The remaining sessions throughout the two days will be with representatives from different organizations. CRO members are welcome to join in any of the sessions if they choose.

What is the final product?

At the end of the two-day session, CUED will make recommendations to the CRO as to what CRO-sponsored programs and initiatives will be most effective in promoting economic development in the region. CUED will then produce a final report which:

- summarizes the background research on economic conditions conducted by CUED;
- summarizes the findings of the CUED technical assistance team experts;
- details the recommendations made by the technical assistance team; and
- provides specific, how-to information on implementing the CUED recommendations.

The final report will be a blue-print for the CRO as it seeks to obtain DOE funding and implement effective economic development programs. This process provides the CRO with an expert, outside opinion of the economic development conditions in the region.

CUED can conduct the site visit in mid-October. The first draft of the final report will be completed within four weeks after the visit. The final draft will be completed two to three weeks after that.

Who is paying for this?

This entire project is funded by the US Department of Energy.

What are the next steps?

The next step is to establish dates for the site visit. The fact that the final presentation is the most important in terms of CRO participation. The two days should be selected with this in mind.

What is CUED?

CUED is a full-service economic development membership association. CUED's primary aim is to develop and revitalize local economies. CUED has established a strong program to expand the capacity of both public and private officials to devise and manage successful economic development strategies, and increase the responsiveness of public and private policy makers to economic development needs. CUED provides its information and assistance to local economic development professionals through publications, on-site technical assistance, conferences, training, and a clearinghouse.

CUED's major asset is the scope and experience of its membership. CUED's membership is over 1,800 strong, comprised of some of the country's most highly respected practicing economic development experts, both in public and private organizations. CUED members include officials (elected and staff) in city development agencies, quasi-public development corporations, private sector development professionals and neighborhood groups who direct nationally recognized programs in urban centers. This unique constituency provides a tremendous source of technical and research expertise.

Preliminary Agenda – Fernald Site Visit
Times and order of meetings are only suggested

Day 1

8:00 - 9:00 am *Overview*

Fluor Daniel Fernald
 DOE
 Any members of the CRO who would like to participate in this meeting

Purpose: Discuss the goals of the project, review background information, etc.

9:15 - 10:30 am *Tour*

Purpose: Tour region to see economic development conditions; view major commercial and industrial districts, view DOE site.

10:45- 12:15 pm *Economic Developers*

Hamilton County Development Co., Inc.,
 Institute for the Advancement of Manufacturing Sciences
 Regional Development Office of Cincinnati Gas & Electric
 Greater Cincinnati Chamber of Commerce
 Cincinnati Department of Economic Development
 State and Federal Economic Development Officials (ODOD, US EDA, etc).
 Other regional economic development practitioners

Purpose: obtain an understanding of the economic development conditions in the region, determine what programs exist.

12:30 - 2:00 pm *Working Lunch -- Local Lenders*

Lending officers from banks (local and national) in the region
 Any organizations that run government-backed lending programs

Purpose: obtain an understanding of the access to capital climate in the region.

2:15 - 3:45 pm *Worker Transition*

Appropriate representatives from DOE
 Local worker training programs

Purpose: Discuss worker transition needs and programs

4:00 - 5:30 pm *Small Business Support Programs*

Small Business Development Center representatives
 Small business support programs at local community colleges
 Small business consultants
 Others involved in small business development

Preliminary Agenda — Fernald, Continued

Day 2

8:30 - 10:00 am *Local Businesses*
Owners/upper management of local businesses

Purpose: Discuss the economic development needs of local businesses (e.g., worker training, access to capital, small business support, local government cooperation, etc.). Discuss the role, if any, that they can play in DOE worker transition.

10:15 - 11:45am *Technology Transfer*
Technology Transfer Program Managers
Institute for the Advancement of Manufacturing Sciences
DOE Representatives
Local Colleges and Universities

Purpose: Discuss the role that technology transfer does/could play in the region's economic development.

12:00 - 1:30 pm *Working Lunch -- Elected Officials*
Local elected officials from Hamilton County

Purpose: Discuss the goals, issues, concerns, etc., of local officials. Determine what role economic development plays in the local political arena.

2:00 - 4:00 pm *CUED Team prepares final presentation*

4:00 - 6:00 pm *Final Presentation*
Full CRO Board
Fluor Daniel Fernald
DOE

Purpose: Discuss findings of two-day visit. Make recommendations to CRO on what programs/initiatives would be logical for the CRO to create/support. Provide detailed preview of final report.

Draft



Interim Guidance for Community Transition Activities

Office of Worker and Community Transition
Department of Energy
June 1996

Draft

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Interim Guidance for Community Transition Activities

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Department of Energy
Office of Worker and Community Transition

Interim Guidance for Community Transition Activities

I. Introduction

Initial program guidance for the community transition program was first developed in the spring and summer of 1993, shortly after the formation of the the Department of Energy's (the Department) Task Force on Worker and Community Transition. In the intervening period the community transition program has evolved. This guidance reflects the changes necessary for the continued progress of the program. It reflects the work and input of stakeholders as well as the staff of the Department's Office of Worker and Community Transition (the Office). It replaces previous guidance on community transition activities and should be used while comments are being collected. The Office appreciates the assistance and effort of Department Field Organizations, site contractors, and representatives of the affected communities for their assistance in developing this guidance.

II. Program Scope

A. General

Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 states that upon determination that a change in the work force at a Department defense nuclear facility is necessary, the Secretary of Energy shall develop a plan for restructuring that work force. Section 3161 also identifies objectives to guide the Secretary in preparing the plan, including the objective that the Department should provide local impact assistance to communities that are affected by the restructuring plan.

The community transition program is designed to help minimize social and economic impacts on communities affected by the downsizing of the defense-related facilities of the Department. It is intended to be a locally driven program, designed by the communities and the local Department facilities affected by the downsizing. The primary focus of the program is to assist the communities through the Community Reuse Organizations (CROs) created at the affected sites. The program will also consider projects and program activities of the local Department facility and its management and operating contractors when recommended by the Department facility manager and considered advantageous to the program.

B. Allowable Uses of Funding

1. Funds for community transition activities will be allocated for approved programs and projects described in community transition plans prepared by the CROs or in field project requests prepared by Department facilities for activities funded outside the community transition plans. Once approved and allocated, transfer of community



transition funds to any other project or activity will be governed by the Post Award Funding provisions of this guidance.

2. In reviewing proposals, the broadest range of allowable uses of funds will be considered. However, because funding is limited, and because other appropriations are sometimes seen as the proper or primary source to fund certain activities, there are a range of activities that will only be approved where exceptional circumstances would justify the decision. These include:
 - a. activities that could be funded from work force restructuring funds, such as employee retraining;
 - b. landlord responsibilities normally funded by the program office with landlord responsibilities at the site, including facility maintenance, remodeling, expediting personal property for disposal, and on-site construction; and
 - c. off-site construction, infrastructure, or other capital improvement projects.
3. If the type of projects described in Section II.B.2, above, are considered desirable, the Department Field Organization and the CRO should make early contact with the Office to determine what justification will be necessary to demonstrate the need and value of the project.

C. Funding Recipients

Community transition funds will generally flow through a Department Field Organization to the CRO or CRO-designee. For activities funded outside the community transition plan, funds may be made available by direct contract between the Department and another party, such as the on-site contractor.

Pursuant to section 3161 of the National Defense Authorization Act for Fiscal Year 1993, "defense nuclear facilities" for the purposes of section 3161 include the following types of facilities under the control or jurisdiction of the Secretary of Energy: atomic energy defense facilities involving production or utilization of special nuclear material; nuclear waste storage or disposal facilities; testing and assembly facilities; and atomic weapons research facilities. Department facilities that have been determined to be defense nuclear facilities for the purposes of section 3161 are listed in Appendix G.

D. Types of Assistance

1. Start-up Assistance for CROs

- a. This is one-time assistance to facilitate creation of a CRO, development of a public participation plan, development of scopes of work for impact analyses and a community transition plan, and development of a proposal for planning assistance.

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- b. Start-up assistance is generally around \$100,000 and may cover up to two fiscal years. It may be applied for at any time in the Department budget cycle, based on knowledge by the Department Field Organization that work force reductions are likely to occur within 18 months.
- c. Application for the assistance must include information about how area local governments, economic development organizations, labor, and other key stakeholders will be involved with creating the CRO. Award of start-up assistance does not assure future funding.

2. Planning Assistance for CROs

- a. Planning assistance for CRO's is intended to pay for administrative costs and planning studies associated with the development of a community transition plan.
- b. This assistance has generally been in the range of \$250,000 to \$500,000.
- c. A planning assistance application must include the following elements:
 - (1) The purpose and need for community transition;
 - (2) A description of the CRO, including its membership, functions, scope, and decision-making procedures;
 - (3) How the community transition plan will be developed. Where appropriate, an analysis of strengths, weaknesses, opportunities and threats to the community should be included in the scope of work for the planning effort;
 - (4) A program plan for utilization of the planning assistance funds, including proposed scope of work and milestones;
 - (5) Required federal grant application forms and financial information, as specified by the Department Field Organization;
 - (6) A summary of the CRO-approved public participation plan which includes discussion of access to meetings and records, community involvement, fairness of opportunity for receipt of program benefits, and avoidance of conflicts of interest;
 - (7) A discussion of CRO coordination with the applicable site, the site specific advisory board, and regional planning and economic development organizations and activities;
 - (8) Identification of any non-Department resources that will be utilized in the planning phase of the program;

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- (9) Any proposed program or project activities that are requested and proposed to be conducted prior to approval of the community transition plan together with the justification required for program and project assistance (see Sections II.D.4 and VI.C.3); and
- (10) Written designation of the CRO by the responsible Department Field Organization.

3. Operational Assistance

- a. This is assistance to fund administrative expenses of the CRO beyond start-up and planning assistance.
- b. Funding for this activity will vary based upon the CRO organization and the degree to which the CRO is supported by other funding sources. Requests will normally be part of the Community Transition Plan and will provide the appropriate information requested for program and project assistance in Section II.D.4, following, as well as a discussion of the steps the CRO is taking to become self-supporting. An estimated time when the CRO will be self-supporting is also requested.

4. Community Transition Program and Project Assistance

- a. The purpose of this assistance is to fund the activities deemed most likely to reduce the community's dependence on the Department and to mitigate the negative impacts on communities resulting from the downsizing of defense-related facilities within the Department. Project assistance typically provides financial assistance for a comprehensive, multi-year community transition program--generally a 3 to 5 year program. The program must be based upon community needs and must incorporate the analysis of the strengths, weaknesses, opportunities, and threats in the community transition plan. Components may include programs conducted directly by the CRO, contract services, and competitively-based financial assistance for economic development activities. Types of programs that have been funded include small business incubators, revolving loan funds, marketing of excess Department property, entrepreneurial development, technology transfer assistance, and applicable training seminars.
- b. In the past, program and project assistance has generally been in the range of \$400,000 to \$5 million per year.
- c. The specific format for requests for program and project assistance will depend on the applicant. For CRO requested projects or programs, the request should be included in the community transition plan as described in Section VI, following. For funds to be managed by the site independent of the CRO, the site shall submit a letter request signed by the manager of the Department Field Organization and

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containing similar information to that requested for prioritized projects submitted by the CRO, together with a letter from the CRO with the CRO's comments.

III. Roles and Responsibilities

- A. The Secretary of Energy is responsible for the overall program direction and has final approval of all community transition funding decisions.
- B. The Director, Office of Worker and Community Transition is responsible for the overall management of the community transition program, including the following:
1. Authorizes actions, within approved funding levels, to mitigate impacts of reconfiguration, downsizing, and closing of Department facilities.
 2. Establishes principles, policies, and procedures to implement the Department's community transition mission.
 3. Develops the Department-wide community transition budget, recommends the Department Field Organization budget levels for community transition, and establishes the criteria to be used for community transition program funding levels at qualifying sites.
 4. Determines allowable uses of program funds within legislatively-mandated parameters.
 5. Recommends, to the Secretary, approval or denial of requests for community transition assistance.
 6. Establishes performance measures for assessment of community transition programs and projects, including procedures for financial management reviews.
 7. Ensures coordination of the community transition plan with the work force restructuring plans at the site.
 8. Provides liaison among other program and staff offices in Headquarters for community transition issues.
 9. Conducts program reviews of field implementation of the community transition program.
- C. Department Field Organizations are responsible for the day-to-day administration of the community transition program. This includes responsibility for the following:
1. Working within their communities to help establish the local CRO.
 2. Approving the CRO for sites under their jurisdiction.



3. Assuring that the Department's community transition policies and guidance are carried out in a spirit of cooperation and openness.
 4. Integrating the requirements of the community transition program with the requirements of other programs and activities at their sites and assuring that necessary support activities are identified and budgeted for.
 5. Providing planning guidance to the CRO's for program plans and reviewing and approving CRO-developed community transition plans.
 6. Resolving conflicting proposed uses of the Department's assets under its jurisdiction.
 7. Integrating community transition locally so that it incorporates the work and plans of the CRO with other community transition activities, if any, proposed by the site.
 8. Consulting with American Indian tribal governments to assure that tribal rights and concerns are considered prior to the Department taking actions, making decisions or implementing programs that may affect tribes.
- D. CROs serve as the community's single voice to the Department for community transition issues. In this capacity the CRO will:
1. Coordinate local community transition planning efforts that address Department-related impacts.
 2. Include a broad representation of the affected community, with opportunity for involvement given to people and groups such as individual residents; representatives of community-based organizations; representatives of business, educational, and financial institutions; site workers and their labor organizations; local government officials; established economic and community development organizations; public interest groups; environmental groups; diversity groups; and federally-recognized American Indian Tribes.
 3. Develop and submit community transition plans to the appropriate Department Field Organization.
 4. Receive Department funding and participate in the management of community transition projects.
 5. Coordinate CRO activities with Site Specific Advisory Boards (SSAB) at Department facilities, particularly with regard to future site planning.



IV. Program Planning

A. General

Future funding for all activities other than start-up and planning assistance is expected to be requested through a community transition plan (or a letter request for Department Field Organization activities). Figure 1 depicts the planning process and Table 1 describes the activities expected to occur at each step. The intent of this process is to provide objectivity in the selection of project and program activities to be supported. The following paragraphs will describe the major activities in some detail.

B. Development of the Community Transition Plan

Department Field Organizations will provide guidance to the CROs to assist them in developing a community transition plan. Based upon this guidance, CROs will prepare a community transition plan for funding in the next year's funding cycle.

C. Department Field Organization and Office Reviews

Upon completion of the CRO community transition plan and any Department Field Organization projects, a field review of the community transition plan and an Office review of both the community transition plan and any site-sponsored projects will take place. The intent is for the Department Field Organization and the Office to jointly identify any needed revisions as soon as possible, thereby minimizing multiple requests for changes. At the end of the review period, there should be a plan ready for recommendation with a very high probability of approval by the Office.

D. Economic Development Administration and the Peer Review Board

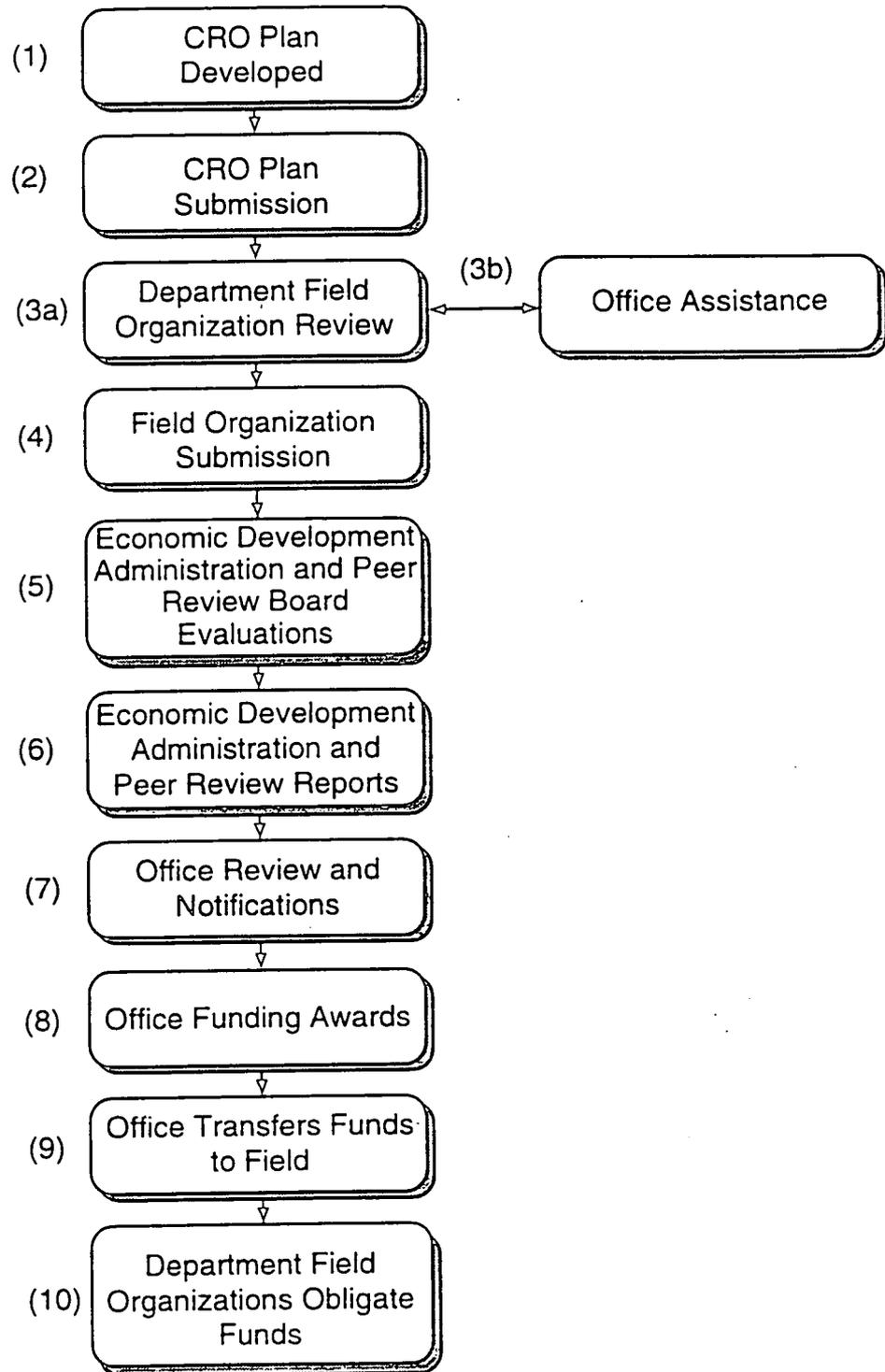
The next critical step in the process is evaluation by the Economic Development Administration and the Peer Review Board. These reviews will use the criteria in Section V to compare and assess projects and programs. The recommendations will be provided to the Office of Worker and Community Transition for their consideration in the final determinations of program funding.

E. Office of Worker and Community Transition Review and Decisions

The Office will review the submitted plans, the peer review comments, and the independent review from the Economic Development Administration of the Department of Commerce. Based upon these inputs, and the office staff review, final funding levels for the fiscal year will be recommended. After Secretarial approval and appropriate notifications, funds will be transferred to the appropriate Department Field Organizations for implementation of the approved program.



Figure 1: COMMUNITY TRANSITION PROCESS



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Table 1: Community Transition Funding Activities

Step ¹	Activity
(1)	CRO develops community transition plan based upon planning guidance from the Department. If appropriate, local Department Field Organization develops project descriptions for any Department facility activities to be requested from the Office.
(2)	CRO submits community transition plan to the Department Field Organization.
(3a)	Department Field Organization conducts review of community transition plan and assists CRO in refining proposal.
(3b)	Office concurrently performs its initial field review of the community transition plan and any projects from the Department Field Organization.
(4)	Department Field Organizations submit community transition plan and field project requests to the Office for review and approval.
(5)	Economic Development Administration and the Peer Review Board evaluate CRO community transition plans and field projects.
(6)	Peer Review Board report and Economic Development Administration reports are submitted to the Office.
(7)	The Office conducts internal review.
(8)	The Office makes funding award decision.
(9)	The Office authorizes release of funds into Department Field Organization financial plan.
(10)	Community transition funds are available to recipients.

V. Evaluation Criteria for Review of Projects and Programs

The following factors will be used to evaluate all project and program funding requests in community transition plans:

- A. Projected job creation;
- B. Projected job creation for workers affected by downsizing;
- C. Viability of project to induce investment/growth in production of goods and services for which the community may have or be able to develop a comparative economic advantage;

¹ Keyed to step numbers in Figure 1 on page 8



- D. Ability to reduce the region's dependence on the Department;
- E. Consistency with the identified strengths of the region;
- F. Past performance of the applicant;
- G. Amount of local participation in the project, either financially or in terms of coordinated services;
- H. Demonstrated cooperation with regional or state economic development efforts;
- I. Ability of project to become self-sufficient;
- J. Linkage of project to site cost reductions through transfer of site equipment, facilities or technologies; and
- K. Other unique factors such as innovative features of the proposed project.

VI. Community Transition Plans

A. Purpose

1. The community transition plan describes the overall strategies and, within each strategy, the actions proposed by the communities to respond to the changing missions at a Department facility. Where appropriate, it also describes the proposed programs, projects and estimated funding requested from the Department for a particular fiscal year's program. It is the overall framework and the rationale for the local response to the downsizing at the Department facility.
2. The plan serves an integrating function, building upon other existing planning efforts in the region. It should describe those efforts, the lessons learned from them, and should focus on the additional, supplemental efforts the community believes are necessary and useful to respond to the changes at the Department facility. It should not duplicate other planning efforts, but would afford the community an opportunity to highlight innovations to address the impacts of downsizing.

B. General

1. Initial planning grants from the Department should be used by CROs to prepare and submit to the Office a plan for anticipated community transition activities. This plan should be submitted through the appropriate Department Field Organization, who must approve the plan.
2. While each site faces unique transition challenges and will develop a plan specific to its

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situation, there are common topical areas that should be addressed in all plans. The following paragraphs offer guidance on what the Office considers essential components of any future community transition plan submitted for approval. These are elements to be addressed in the plan, not necessarily an outline of the developed plans. The continued allocation of the Department's limited financial and other available resources will be contingent upon the completion of the plan and its contents.

C. Community Transition Plan Requirements

1. Planning Analysis

- a. An analysis should be performed to establish the primary and secondary community impacts likely as a result of planned site restructuring. From a baseline established from local information sources, project the likely impacts on such primary factors as net job loss, changes in unemployment, loss of wages and disposable income, and business closings. Secondary impacts could include such factors as decreases in taxes and other user fees, loss of business and sales volumes, decreases in property values and other factors. Impacts on education, cultural activities, recreation, the environment and other socio-economic factors should also be considered. From an analysis of these impacts, develop a set of issues.
- b. A critical part of the community transition plan is the analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) to the community. This can be performed with planning assistance funds, or existing studies can be used. With the SWOT analysis as a framework, set out an overall vision for the community and identify the programs and projects to be established, including the degree to which the programs and projects address the issues.

2. Stakeholder Involvement

Stakeholders should have the opportunity to participate in the planning process. Identify stakeholders providing input to the plan, describe method of input, and common areas of interest. A communication strategy must also be a component of insuring proper representation and community input into the planning and implementation process. This should also include CRO coordination with the applicable site and other groups, such as: any site specific advisory boards; regional planning and economic development organizations and activities; labor; the business community; academic communities; and American Indian tribal governments.

3. Prioritized Projects

Develop a list of prioritized projects or programs based on the above considerations with an overall project budget and schedule for completion of each. For each project,



address the following:

- a. The primary goal of transition initiatives is the creation of jobs through the retention, expansion, attraction and creation of businesses, and through other measures, to offset the economic impacts of the Department's work force restructuring actions. The plan should identify whether or not it is likely to benefit displaced Department and Department contractor workers or the area's work force in general and the range of likely benefits and wages created;
- b. Amount, type, timing, and continuity of funding available from non-Department sources such as the U.S. Department of Labor's Job Training Partnership Act and the U.S. Department of Commerce's Economic Development Administration. Also include any state and local funding, and any private development sources, such as venture capital, financial institutions, revenue bonds, seed capital, revolving loans and other private funds. The use of these funds should be set out relative to any Department funding provided;
- c. Coordination with other community programs, including independent economic feasibility reviews conducted by a group of professionals with knowledge of community economic conditions. This group may include bankers, heads of local corporations, directors of chambers of commerce, state and local governments, and directors of public economic development organizations;
- d. Performance measures for each project;
- e. A proposed scope of work, time line, and reporting schedule (generally, quarterly) of proposed activities, accomplishments, and expenditures;
- f. Required federal grant application forms and financial information, as specified by the Department Field Organization;
- g. Any anticipated preferences or non-traditional competition elements of the program, and their relationship to program objectives;
- h. A discussion of CRO coordination with units of federal, state, local, or tribal governments. Demonstration that proposed projects will augment and not duplicate current community efforts;
- i. Plans, if any, to support CRO operating and program costs following completion of the project grant (e.g., self-sustaining mechanisms, local or non-Department support, revenue/income generation, future Department funding, or transfer of programs to other organizations);
- j. Identification of any time-sensitive opportunities, or other pertinent background

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information;

- k. If multi-year funding is anticipated, show how this year's increment related to prior year activities and what will happen if future year funding is reduced or eliminated; and

VII. Performance Measures

A. Purpose

1. Performance measures represent a mechanism that the CROs and the Department can use to monitor performance. They do this by providing a means for: 1) determining how well a project is being executed; 2) indicating when corrective actions are required; and 3) documenting success.
2. Performance measures establish a mechanism for program assessment. The CROs will use the results of their performance measures for self assessment purposes. The Department Field Organization and headquarters staff will use the same results for purposes of external oversight.
3. Performance measures will be used to provide objective and defensible indications to the Congress and to the American people that the Department's economic development program is effective.
5. Finally, since the intent of performance measures is to evaluate program *execution*, performance measures need not be developed for start-up or planning assistance.

B. Guidance

1. CROs are responsible for developing performance measures based on this guidance and on their unique circumstances, goals, and objectives. The final measures will be negotiated with the appropriate Department Field Organization and, ultimately, approved by the Office.
2. Many CROs may have similar objectives. The Office encourages, but does not require, developing consistent performance measures in such cases and also encourages sharing best practices and lessons learned to the maximum extent possible.
3. Performance measures should not focus on minor aspects of performance, rather, they should comprehensively measure critical aspects of performance for any enterprise.
4. Performance measures and objectives should not be so difficult that they cannot be achieved through a reasonable amount of effort, nor shall they be excessively easy to achieve.



5. Performance measures shall be periodically assessed by the CROs and the results reported to the Department Field Organization and the Office.
6. When a performance measure is no longer providing useful information, it should be eliminated or replaced.
7. Performance measures shall be measurable in a numerical fashion to the maximum extent possible. Where numeric measurement is not possible, performance measures shall be evaluated against a clearly defined set of criteria.
8. In cases where grant requests are small (i.e., less than \$300,000) a less stringent requirement for performance measures may apply.
9. On a quarterly basis, the CROs will submit a progress report to Department Headquarters via the appropriate Department Field Organization. The quarterly progress reports will contain, among other things, updated information on the CRO's performance measures. The progress report format may be found in Appendix I.

C. Model

Per the above guidance, the individual CROs will be tasked with developing performance measures for their particular enterprise. The Office recognizes that:

1. The various CROs will have different missions, objectives, and priorities; the CROs are best equipped to determine what constitutes a good measure of performance for their particular situation.
2. CRO missions are dynamic, and, therefore, their objectives may change from time to time. As a consequence, what constitutes a good performance measure today may not be appropriate tomorrow; therefore, CROs must be allowed the flexibility to alter their performance measures, with the Office's concurrence, to more closely align with changing missions and objectives.
3. The CROs will have latitude in regard to the substance and nature of their performance measures. However, they will be expected to follow generally recognized principles for developing and measuring performance. One possible approach is included in Appendix B. By employing a performance measurement system, the Department will be able to assess and describe the effectiveness of the program. This will assist in determining appropriate levels for the program in future years and will help each site and each CRO assess the effectiveness of its program.

D. Areas to Address

The following paragraphs delineates the issues that should be considered when developing



a performance measurement program.

1. Job creation: the act of creating jobs that did not previously exist in a defined marketplace, especially jobs that will assist displaced workers from the affected site.
2. Job retention: holding in place the existing work force and providing substitute employment for at risk or displaced workers within a defined geographic area.
3. Regional development: enhancement of the attributes of a geographic area to promote the commonly held and understood assets of that region.
4. Business start-ups: new commercial or industrial enterprises, legal entities, partnerships, etc.
5. Expansion of existing businesses: the ability to hire more workers and to increase the demand for goods and services ultimately stimulating the economy (e.g., increase revenues, broaden the tax base).
6. Economic diversification: any activity within a defined geographical area that makes the area less dependent upon Department business.
7. Training: providing skills and classes necessary to prepare workers to maintain the skills required to continue in one's current position or alternative job.
8. Commercialization: the act of making assets (e.g., technologies, use of facilities or equipment) under Department control available for third party use or for use by the M&O contractor for non-Department business activities.
9. Facility reuse: the reuse of Department facility real estate and fixtures including buildings, land, and facilities that are not needed for the Department's traditional missions.
10. Leveraging: the ability of the CRO to commit non-Department resources as a match for Department funds requested. Leveraging should be indicated as a ratio of non-Department to Department resources, e.g., if a CRO requests a \$100,000 grant and commits \$50,000 in non-Department matching funds, the leveraging factor would be 1:2.
11. Matching funds: defined as non-Department resources committed to CRO programs. Matching funds may include the following:
 - a. *cash* - funds committed to projects to pay for various program activities, including personnel, equipment, materials, supplies, facilities, etc.



- b. *in-kind* - contributions other than cash committed to program activities. In-kind contributions may include personal time, donated facility space, equipment loans or value of discounted services.
- 12. Personal property transfer: the transfer of Department controlled equipment, supplies, and intellectual property to another entity--can involve transfer of title, licensing or loaning of the property.
- 13. Community relations: broad-based solicitation and encouragement of public awareness and participation in decision-making processes.
- 14. Administration and finance: business systems and processes incorporated to manage the development and implementation of the community transition program, including community involvement and fiscal responsibilities (e.g., contractual compliance, auditing, the raising and expending of monies, granting credit, and making investments).

VIII. Reviews

A. Financial Management Reviews

1. General

- a. The Department Field Organizations will apply the requirements of the Single Audit Act of 1984, P.L. 98-502 as necessary to the community transition program recipients of federal aid (see Appendices C and D for Circulars Numbers A-128 and A-133).
- b. The Office will develop procedures for financial management oversight which establish requirements beyond those of the Single Audit Act of 1984, as necessary.

2. Purpose

Careful monitoring of program implementation is necessary due to the level of public involvement in community transition activities. The Office is responsible for establishing appropriate standards to assure proper accounting for the use of community transition assistance funds.

3. Procedures

- a. Department Field Organization Review and Approval

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- (1) The Department Field Organization will provide copies of audit findings to the Office as requested.
- (2) The Department Field Organization will provide the Office complete reporting of obligations or encumbrances by grant, including close-out reports that address audit findings for completed grants.
- (3) At the discretion of the Department Field Organization, audit costs for review of start-up and planning assistance funds greater than \$100,000 may be minimized via program specific audits every two years to allow for less frequently conducted audits.
- (4) At the discretion of the Department Field Organization, CRO responsibility for the auditing of sub-recipients are met to the extent that the CRO documents its procedures for the sub-granting of funds. These procedures must be based on performance measures identified in the community transition plan.
- (5) The Department Field Organization may allow the CRO to base its funding to agencies/businesses on a performance-for-payment system to minimize its audit expenses and record-keeping requirements.

b. Office Review and Approval

- (1) Conduct financial management reviews of Department Field Organization community transition programs on an as needed basis. Specific areas of review are: financial reporting; accounting records; internal control; budget control; allowable cost; source documentation; cash management; and project accounting.
- (2) The Office will track completed grants and close-out reports that address audit findings.

B. Program Reviews

The Office will also conduct programmatic reviews of Department Field Organizations to assess accomplishments, determine progress and identify issues needing study. These reviews will be performed on a frequency and at locations as determined by the Office Director, and will be coordinated with the management of the Department Field Organization being reviewed. The Office will not review CROs, except when accompanying a Department Field Organization during its review. It is the general goal of the office to review each Department Field Organization that is implementing a community transition program at least once every three to five years.



IX. Post-Award Funding

A. General

Each Department Field Organization managing community transition activities will establish a funds management process. In addition, a change management procedure must be established to address reallocation of funds by the CRO or the site from the amounts approved by the Department Field Organization and the Office. All changes shall be justified in writing. In addition, delegation levels for approval of changes are specified in the following paragraphs and in Table 2, Approval Levels.

B. CRO Authority

CROs are delegated authority to reallocate funds based upon the following guidance:

1. For Headquarters-approved projects and programs under \$1 million, all reallocations of less than \$25,000 to or from the project; and
2. For Headquarters-approved projects over \$1 million, all reallocations of less than \$100,000 to or from the project;

C. Department Field Organization Authority

Field offices are delegated authority to review and approve any reallocations of funds from an approved project based upon the following guidance:

1. For Headquarters-approved projects and programs under \$1 million, all reallocations between \$25,000 and \$50,000;
2. For Headquarters-approved projects over \$1 million, all reallocations between \$100,000 and \$200,000; and
3. Any reallocation up to \$50,000 of project funding to administrative expenses of the CRO.

D. Office Review and Approval

Copies of all approved changes will be furnished to the Office for information. In addition, the office must also approve changes under the following conditions:

1. For headquarters approved projects and programs under \$1 million, all reallocations to or from the project that exceed \$50,000;
2. For headquarters approved projects over \$1 million, all reallocations to or from the



project that exceed \$200,000;

3. Any reallocation over \$50,000 of project funding to administrative expenses of the CRO; and
4. Any reallocation to a project that was not previously approved by headquarters.

Table 2, Approval Levels

Type of activity	CRO Authority	Department Field Organization Authority	Office Authority
Reallocations to or from previously approved projects of less than \$1 million	under \$25,000	\$25,000-\$50,000	over \$50,000
Reallocations to or from previously approved projects of \$1 million or more	under \$100,000	\$100,000-\$200,000	over \$200,000
Reallocation of project funding to administrative expenses of the CRO	no authority	up to \$50,000	over \$50,000
Reallocation of project funding to a project that has not been previously approved	no authority	no authority	all reallocations

Appendix A

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Appendix B

The Model

Figure 1 illustrates a model performance measurement hierarchy. Developing an effective performance measure involves a four step process.

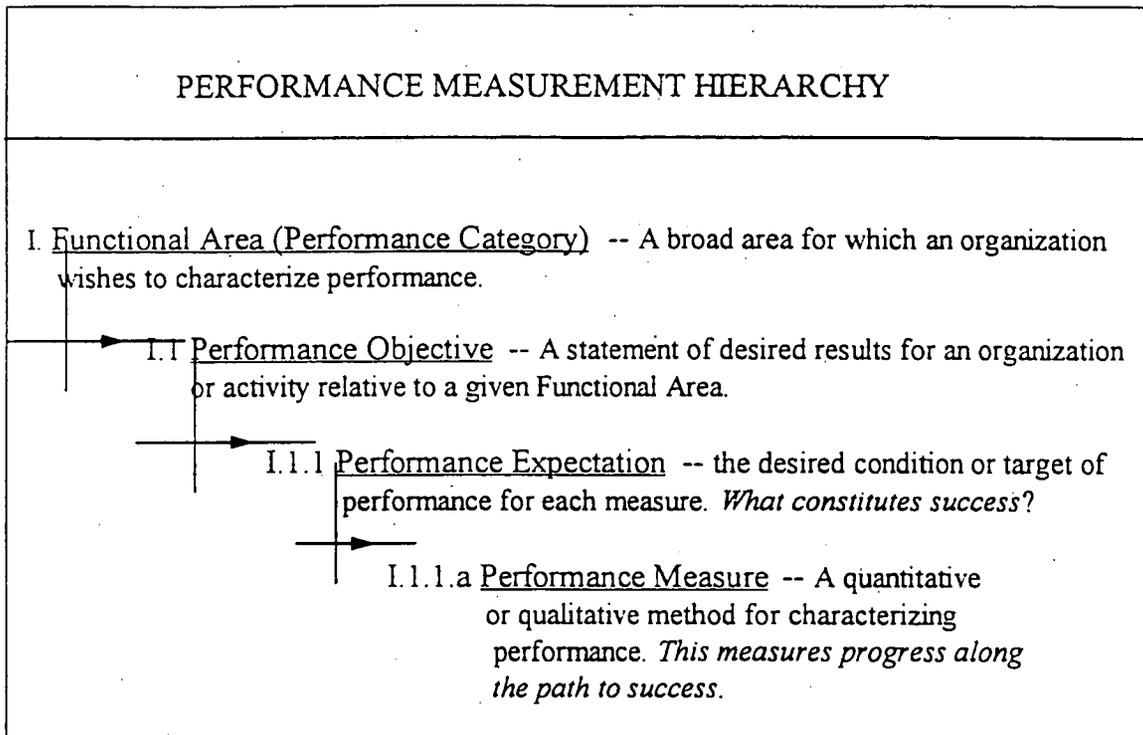


Figure 1

STEP 1: The first step in developing an effective program for performance measurement is to determine the Functional areas for which it is important to measure performance (functional areas are also referred to as Program Areas or Performance Categories). A **functional area** is a broad area of concern for which one wants to characterize performance. For instance, *Regional Development and Economic Diversification* or *Administrative and Financial Management* may be considered functional areas.

STEP 2: Once a functional area is determined, it is important to determine a set of performance objectives for that area. A **performance objective** is a statement of desired results or outcomes for a given functional area. A performance objective describes what an organization wants to achieve in a specific functional area. For instance, in the *Regional Development and Economic Diversification* functional area the following performance objectives might be established:

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Performance Objective 1: Foster the creation of new jobs and enterprises throughout the region.

Performance Objective 2: Foster the development of a sustainable, community-based, regional economic infrastructure capable of planning for and delivering comprehensive, coordinated community and economic development services.

When developing performance objectives it is important to remember that they must support an established functional area and must be articulated in a fashion that makes it clear as to how they support that particular functional area. Both of the performance objectives stated above support the overall need for *Regional Development and Economic Diversification*.

STEP 3: The next step involves developing performance expectations. For a particular performance objective, a performance expectation defines success. That is, an effective **performance expectation** is a concise articulation of the desired condition or target level of performance for a given objective. To extend the *Regional Development and Economic Diversification* example, a performance expectation for **Performance Objective 1**, i.e., to foster the creation of new jobs and enterprises throughout the region might be:

Performance Expectation: To support expansion of existing firms and foster the creation of new firms throughout the region by increasing their access to more diverse and flexible capital resources.

The performance expectation articulated above describes one of the actions or targets--there may be more than one expectation for a given performance objective--that must happen or be achieved in order to successfully meet the associated performance objective. Clearly, supporting the expansion of existing firms or helping to create new firms will ultimately support a performance objective aimed at creating new jobs and enterprise throughout the region.

STEP 4: The final step involves developing performance measures. A **performance measure** is a quantitative or qualitative method for characterizing performance. Essentially, a performance measure gauges progress toward or effectiveness at meeting a performance expectation. For instance, a performance measure that gauges the effectiveness of the CRO at meeting the above performance expectation, i.e., to support expansion of existing firms and foster the creation of new firms could be:

Performance Measure: Measure the number of new firms created during calendar year 1996.

There are many schools of thought with respect to the relationship between performance objectives, expectations, and measures. In the realm of performance measures it is important to grasp certain concepts, and then to ensure that these concepts are applied. The important

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concepts to grasp are: 1) there must be a clearly articulated set of performance objectives; 2) success must be defined with respect to these objectives and articulated via the performance expectations; and 3) there must be a way to measure whether or not expectations are being met-- these are the performance measures. Finally, the performance objectives, expectations, and measures must all mutually support the overall functional area that they are associated with.

Suggested Methods for Assessing Performance Measures

It is an unavoidable consequence of any performance measures program that information on certain aspects of performance cannot be captured numerically. In the absence of a way to numerically assess a given aspect of performance, one of two things can happen. One can either avoid measuring that aspect of performance altogether--possibly missing out on some vital information-- or one can devise an indirect method of assessing performance. This section suggests a method that can be used to assess performance measurement information that is difficult to capture numerically.

Quantitative vs. Qualitative measures

There is more to management than "managing by the numbers." An effective performance measurement program must be able to assess many important aspects of management that cannot be captured numerically. To this end, Guideline number NINE above states that:

NINE: Performance measures shall be measurable in a numeric fashion to the maximum extent possible. Where numerical measurement is not possible, performance measures shall be evaluated against a clearly defined set of criteria.

What exactly does this mean? The following example should serve to clarify this guideline. Consider the following two cases:

Case 1 -- The performance objective is to: *foster the creation of new jobs and enterprises throughout the region.* One of the performance measures associated with this objective is to: *measure the number of new jobs created in a given calendar year*

Case 2 -- The performance objective is to: *provide effective administration of and financial management for the CRO.* One of the performance measures associated with this objective is to: *Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs and are consistent with both CRO capabilities and expectations for performance.*

Clearly, both of these attempt to measure vital aspects of performance. The difference is that in Case 1 the measure is quantitative in nature, i.e., it measures the *number* of jobs created; whereas, in Case 2 the measure is qualitative in nature, i.e., it attempts to capture information or

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demonstrate the *goodness* or *effectiveness* of a process. As alluded to above, to effectively measure performance, both types of measures are needed.

Dealing with Case 1 type measures is relatively straight forward; measures are chosen, data are collected on a periodic basis, and analyses are conducted. Case 2 measures pose a bit more of a challenge as the next section will demonstrate.

Quantifying the Qualitative

Essentially, dealing with Case 2 type measures involves attaching a numerical value to something that is qualitative (some might even say subjective). This is not as difficult as it may first appear. In fact, most people do this every single day of their lives! For instance, every time you make a decision, you have measured the benefits of one choice over another based upon mentally scoring a set of criteria linked to your value system: you “weigh” the pros and cons of each choice you make.

To extend the analogy to the performance measures arena, if, for each qualitative measure, one were to establish a set of criteria that bridges the gap between what is being measured and a given value system, and then establish a numerical scale for these criteria, say from 1 to 10, then on a periodic basis performance could be assessed relative to these criteria, and a numerical value attached. Figure 2 illustrates such a numerical scale.

In Figure 2, the points on the scale (leftmost side) correspond to descriptions of the status of a measure. In the case of Figure 2, the scale describes the development stages of a system or process. Basically, in this *constructed verbal scale* the left hand column is the scale, while the right hand column contains the descriptions of the status of a measure. To evaluate a measure, one would identify the description that best matches the status of that measure. This yields a scale point.

Here is an example of how it might work. Consider performance measure (b) from Figure 3: *demonstrate that the CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete*. Clearly, this performance measure is qualitative in nature--i.e., it attempts to assess the “goodness” of a system--and cannot be directly measured with numbers. To “quantify” this measure one could consult Figure 2, determine which statement on the verbal scale best depicts the status of the measure (the status of the system in this case), and pick off the associated scale point.

Relative to the verbal scale, the CRO’s *system for ensuring that operations are managed*...might be assessed as being at a level of 2.0, meaning that there is the beginning of a systematic approach, but that some work still needs to be done. Essentially, using Figure 2 (or something similar to it) allows one to attach a numerical value to a somewhat qualitative measure.

The above example is quite simple, and is intended to communicate a set of concepts. In practice, the constructed scales would need to be more closely aligned with the circumstance of the individual CROs and may be a bit more sophisticated.

Aggregating performance information

The ideal performance measurement program will contain a balanced mix of quantitative and qualitative measures. In this environment, it is easy to discern what is happening to any one particular measure, but, from a systems thinking standpoint, how does one determine *what is happening overall?* Consider this. Given a modest number of measures whose values will tend to change over time--some increasing, others decreasing, while still others remain the same--how would an organization characterize its overall performance?

Conceptually, the dilemma articulated above is similar in many ways to the problem suffered by those who track fluctuations in the stock market. Rather than attempting to assess overall performance by individually tracking the changes in thousands of stock prices, the wise broker can examine any of a number of leading economic *indexes*. For instance, the Dow Jones Industrial Average or the S&P 500. A similar concept may be applied in the performance measures arena. Figure 3 suggests a mechanism that can be used to generate a numerical index or figure of merit (FOM) that can be used to describe overall performance.

Figure 3 is a sample performance matrix. A performance matrix is a simple vehicle for organizing and aggregating performance information. The leftmost column of Figure 3 contains the individual performance measures, and the body contains the continuum of expected performance for each measure. The top row of Figure 3 contains a performance scale from 1 to 10. In essence, this maps the various points along the performance continuum for each performance measure to a specific value on the performance scale. Essentially, this "normalizes" the results of each performance measure to the performance scale range, i.e., 1 to 10. Weighting factors (if appropriate) can now be applied to the normalized values, and the results summed to yield an overall value or FOM.



Performance Measure	Performance Level (Scale)										Calculations		
	1	2	3	4	5	6	7	8	9	10	Level	Wt.	Score
<u>Measure 1:</u> Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete...	.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	3	35	105
<u>Measure 2:</u> Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs...	.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	6	15	90
<u>Measure 3:</u> Number of jobs created	10	20	30	40	50	60	70	80	90	95	2	20	40
<u>Measure 4:</u> Number of new business start ups.	1	2	3	4	5	6	7	8	9	10	4	30	120
Total Index value													355

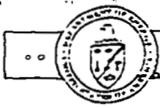
Figure 3

The measures and scales mapped into Figure 3 are for illustrative purposes only. Appendix 1 addresses the performance matrix in more detail.

Constructed Verbal Scale

SCALE	VERBAL DESCRIPTION
.5 1.0	<ul style="list-style-type: none"> no systematic approach evident; anecdotal information
1.5 2.0	<ul style="list-style-type: none"> beginning of a systematic approach to the primary purposes of the item early stages of a transition from reacting to problems to a general improvement orientation major gaps exist in deployment that would inhibit progress in achieving the primary purposes of the item
2.5 3.0	<ul style="list-style-type: none"> a sound, systematic approach, responsive to the primary purposes of the item a fact-based improvement process in place in key areas; more emphasis is placed on improvement than on reaction to problems no major gaps in deployment, though some areas or work units may be in very early stages of deployment
3.5 4.0	<ul style="list-style-type: none"> a sound, systematic approach, responsive to the overall purposes of the item a fact-based improvement process is a key management tool; clear evidence of refinement and improved integration as a result of improvement cycles and analysis approach is well-deployed, with no major gaps; deployment may vary in some areas or work units
4.5 5.0	<ul style="list-style-type: none"> a sound, systematic approach, fully responsive to all the requirements of the item a very strong, fact-based improvement process is a key management tool; strong refinement and integration-backed by excellent analysis approach is fully deployed without any significant weaknesses or gaps in any areas or work units

Figure 2



SUPPLEMENT 1: Developing a Performance Matrix

In this example, four performance measures will be mapped into a performance matrix. Two of these measures are qualitative in nature, and two are quantitative.

Qualitative measures:

- Measure 1: Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete.
- Measure 2: Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs.

Quantitative measures:

- Measure 3: Number of jobs created
- Measure 4: Number of new business start ups

Generating a performance matrix is a ten step process.

STEP 1: Select indicators that are related to, and that measure progress in, the area for which you intend to develop an index or FOM. In this example, an index or FOM will be developed in the arena of economic development. Once chosen, enter the performance measures in the leftmost column of the matrix. See Figure S-1.

Performance Measure	Performance Level (Scale)										Calculations		
	1	2	3	4	5	6	7	8	9	10	Level	Wt.	Score
<u>Measure 1:</u> Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete...													
<u>Measure 2:</u> Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs...													
<u>Measure 3:</u> Number of jobs created													
<u>Measure 4:</u> Number of new business start ups.													
Total Index value													

000100

Figure S-1

STEP 2: For each of the component performance indicators, determine its relative importance and the impact that it should have on the index. The total of the weight for the constituent performance indicators must add up to 100%. Write the value of the weights in the "Wt." column. For illustrative purposes, each measure was assigned the same weight of 25%. See Figure S-2

Performance Measure	Performance Level (Scale)										Calculations		
	1	2	3	4	5	6	7	8	9	10	Level	Wt.	Score
Measure 1: Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete...												35	
Measure 2: Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs...												15	
Measure 3: Number of jobs created												20	
Measure 4: Number of new business start ups.												30	
Total Index value													

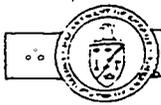
Figure S-2

Step 3: Establish the baseline value for each performance indicator. In the matrix, *level 3* represents the baseline. A baseline can be established based on experience, knowledge, and expert opinion.

Step 4: Determine a goal for each measure. Performance *level 7* represents the goal.

Step 5: Determine a "stretch goal" for each performance indicator. This goal should be attainable, but only if your organization performs superbly. In this example, the stretch goal is represented by *level 10*. See Figure S-3

000101



Performance Measure	Performance Level (Scale)										Calculations		
	1	2	3	4	5	6	7	8	9	10	Level	Wt.	Score
<u>Measure 1</u> : Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete...			1.5				3.5			5.0		35	
<u>Measure 2</u> : Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs...			1.5				3.5			5.0		15	
<u>Measure 3</u> : Number of jobs created			30				70			95		20	
<u>Measure 4</u> : Number of new business start ups.			3				7			10		30	
Total Index value													

Figure S-3

Step 6: Establish intermediate goals for levels 4, 5, and 6. These may be specific milestones determined by management, or they may be simple numeric increments between the baseline and the goal.

Step 7: Determine values for levels 8 and 9.

Step 8: Assign a value to levels 1 and 2.

000102



Performance Measure	Performance Level (Scale)										Calculations		
	1	2	3	4	5	6	7	8	9	10	Level	Wt.	Score
<u>Measure 1</u> : Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete...	.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0		35	
<u>Measure 2</u> : Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs...	.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0		15	
<u>Measure 3</u> : Number of jobs created	10	20	30	40	50	60	70	80	90	95		20	
<u>Measure 4</u> : Number of new business start ups.	1	2	3	4	5	6	7	8	9	10		30	
Total Index value													

Figure S-4

Step 9: Debug the matrix. Utilize stakeholder feedback to evaluate the initial selection of performance indicators, the performance levels, assigned weights, and so on. Make necessary changes. In its final form, the performance matrix should look similar to Figure S-4.

Step 10: Develop system for scoring and displaying results. It is important to assign the responsibility for collecting, calculating, plotting, and disseminating performance index information. It is equally important to set up a mechanism for the periodic review and updating of each performance matrix. Notice that for each qualitative measure (Measure 1 and Measure 2) the range of performance corresponds to the range associated with the verbal scale illustrated by Figure 2.

Calculating the Performance Index

The first step in calculating the index is to assess the current value for each performance measure. Then, you must determine the corresponding performance level for each indicator. In situations where the value for a performance indicator falls between performance levels, choose the next lower level.

For illustrative purposes assume that, for a given period, the four performance measures in this example were assessed as follows:

000103



- Measure 1: Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete. *Assessed from Figure 2 as being at a level of 1.5.*
- Measure 2: Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs. *Assessed from Figure 2 as being at a level of 3.*
- Measure 3: Number of jobs created. *There were 20 jobs created during the period.*
- Measure 4: Number of new business start ups. *There were 4 new business start ups.*

The matrix would look like this:

Performance Measure	Performance Level (Scale)										Calculations		
	1	2	3	4	5	6	7	8	9	10	Level	Wt.	Score
<u>Measure 1</u> : Demonstrate that CRO has a system for ensuring that operations are managed and information on status of those programs is timely and complete...	.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	3	35	105
<u>Measure 2</u> : Demonstrate a process for determining local/regional community development needs, opportunities, and objectives and integrating them so that they are reflected in CRO programs...	.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	6	15	90
<u>Measure 3</u> : Number of jobs created	10	20	30	40	50	60	70	80	90	95	2	20	40
<u>Measure 4</u> : Number of new business start ups.	1	2	3	4	5	6	7	8	9	10	4	30	120
Total Index value													355

The score for each performance indicator is (level x weight). Adding the scores for each performance indicator together yields a value of 355 for the index.

Draft

Office of Worker and Community Transition



Appendix C

OMB Circular A-128

000105

Draft

Interim Guidance



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 12, 1985

CIRCULAR No. A-128

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Audits of State and Local Governments.

1. Purpose. This Circular is issued pursuant to the Single Audit Act of 1984, P.L. 98-502. It establishes audit requirements for State and local governments that receive Federal aid, and defines Federal responsibilities for implementing and monitoring those requirements.

2. Supersession. The Circular supersedes Attachment P, "Audit Requirements," of Circular A-102, "Uniform requirements for grants to State and local governments."

3. Background. The Single Audit Act builds upon earlier efforts to improve audits of Federal aid programs. The Act requires State or local governments that receive \$100,000 or more a year in Federal funds to have an audit made for that year. Section 7505 of the Act requires the Director of the Office of Management and Budget to prescribe policies, procedures and guidelines to implement the Act. It specifies that the Director shall designate "cognizant" Federal agencies, determine criteria for making appropriate charges to Federal programs for the cost of audits, and provide procedures to assure that small firms or firms owned and controlled by disadvantaged individuals have the opportunity to participate in contracts for single audits.

4. Policy. The Single Audit Act requires the following:

a. State or local governments that receive \$100,000 or more a year in Federal financial assistance shall have an audit made in accordance with this Circular.

b. State or local governments that receive between \$25,000 and \$100,000 a year shall have an audit made in accordance with this Circular, or in accordance with Federal laws and regulations governing the programs they participate in.

c. State or local governments that receive less than \$25,000 a year shall be exempt from compliance with the Act and other Federal audit requirements. These State and local governments shall be governed by audit requirements prescribed by State or local law or regulation.

h. "Indian tribe" means any Indian tribe, band, nations, or other organized group or community, including any Alaskan Native village or regional or village corporations (as defined in, or established under, the Alaskan Native Claims Settlement Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

i. "Local government" means any unit of local government within a State, including a county, a borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, and any other instrumentality of local government.

j. "Major Federal Assistance Program," as defined by P.L. 98-502, is described in the Attachment to this Circular.

k. "Public accountants" means those individuals who meet the qualification standards included in generally accepted government auditing standards for personnel performing government audits.

l. "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, and any multi-State, regional, or interstate entity that has governmental functions and any Indian tribe.

m. "Subrecipient" means any person or government department, agency, or establishment that receives Federal financial assistance to carry out a program through a State or local government, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a direct recipient of Federal financial assistance.

6. Scope of audit. The Single Audit Act provides that:

a. The audit shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits.

b. The audit shall cover the entire operations of a State or local government or, at the option of that government, it may cover departments, agencies or establishments that received, expended, or otherwise administered Federal financial assistance during the year. However, if a State or local government receives \$25,000 or more in General Revenue Sharing Funds in a fiscal year, it shall have an audit of its entire operations. A series of audits of individual departments, agencies, and establishments for the same fiscal year may be considered a single audit.

b. Compliance review. The law also requires the auditor to determine whether the organization has complied with laws and regulations that may have a material effect on each major federal assistance program.

(1) In order to determine which major programs are to be tested for compliance, State and local governments shall identify in their accounts all Federal funds received and expended and the programs under which they were received. This shall include funds received directly from Federal agencies and through other State and local governments.

(2) The review must include the selection and testing of a representative number of charges from each major Federal assistance program. The selection and testing of transactions shall be based on the auditor's professional judgment considering such factors as the amount of expenditures for the program and the individual awards; the newness of the program or changes in its conditions; prior experience with the program, particularly as revealed in audits and other evaluations (e.g., inspections, program reviews); the extent to which the program is carried out through subrecipients; the extent to which the program contracts for goods or services; the level to which the program is already subject to program reviews or other forms of independent oversight; the adequacy of the controls for ensuring compliance; the expectation of adherence or lack of adherence to the applicable laws and regulations; and the potential impact of adverse findings.

(a) In making the test of transactions, the auditor shall determine whether:

— the amounts reported as expenditures were for allowable services, and

— the records show that those who received services or benefits were eligible to receive them.

(b) In addition to transaction testing, the auditor shall determine whether:

-- matching requirements, levels of effort and earmarking limitations were met.

10. Relation to other audit requirements. The Single Audit Act provides that an audit made in accordance with this Circular shall be in lieu of any financial or financial compliance audit required under individual Federal assistance programs. To the extent that a single audit provides Federal agencies with information and assurances they need to carry out their overall responsibilities, they shall rely upon and use such information. However, a Federal agency shall make any additional audits which are necessary to carry out its responsibilities under Federal law and regulation. Any additional Federal audit effort shall be planned and carried out in such a way as to avoid duplication.

a. The provisions of this Circular do not limit the authority of Federal agencies to make, or contract for audits and evaluations of Federal financial assistance programs, nor do they limit the authority of any Federal agency Inspector General or other Federal audit official.

b. The provisions of this Circular do not authorize any State or local government or subrecipient thereof to constrain Federal agencies, in any manner, from carrying out additional audits.

c. A Federal agency that makes or contracts for audits in addition to the audits made by recipients pursuant to this Circular shall, consistent with other applicable laws and regulations, arrange for funding the cost of such additional audits. Such additional audits include economy and efficiency audits, program results audits, and program evaluations.

11. Cognizant agency responsibilities. The Single Audit Act provides for cognizant Federal agencies to oversee the implementation of this Circular.

a. The Office of Management and Budget will assign cognizant agencies for States and their subdivisions and larger local governments and their subdivisions. Other Federal agencies may participate with an assigned cognizant agency, in order to fulfill the cognizance responsibilities. Smaller governments not assigned a cognizant agency will be under the general oversight of the Federal agency that provides them the most funds whether directly or indirectly.

b. A cognizant agency shall have the following responsibilities:

(1) Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of this Circular.

(2) Provide technical advice and liaison to State and local governments and independent auditors.

each Federal assistance program as identified in the Catalog of Federal Domestic Assistance. Federal programs or grants that have not been assigned a catalog number shall be identified under the caption "other Federal assistance."

(2) The auditor's report on the study and evaluation of internal control systems must identify the organization's significant internal accounting controls, and those controls designed to provide reasonable assurance that Federal programs are being managed in compliance with laws and regulations. It must also identify the controls that were evaluated, the controls that were not evaluated, and the material weaknesses identified as a result of the evaluation.

(3) The auditor's report on compliance containing:

-- a statement of positive assurance with respect to those items tested for compliance, including compliance with law and regulations pertaining to financial reports and claims for advances and reimbursements;

-- negative assurance on those items not tested;

-- a summary of all instances of noncompliance; and

-- an identification of total amounts questioned, if any, for each Federal assistance award, as a result of noncompliance.

b. The three parts of the audit report may be bound into a single report, or presented at the same time as separate documents.

c. All fraud abuse, or illegal acts or indications of such acts, including all questioned costs found as the result of these acts that auditors become aware of, should normally be covered in a separate written report submitted in accordance with paragraph 13f.

d. In addition to the audit report, the recipient shall provide comments on the findings and recommendations in the report, including a plan for corrective action taken or planned and comments on the status of corrective action taken on prior findings. If corrective action is not necessary, a statement describing the reason it is not should accompany the audit report.

e. The reports shall be made available by the State or local government for public inspection within 30 days after the completion of the audit.

f. In accordance with generally accepted government audit standards, reports shall be submitted by the auditor to the organization audited and to those requiring or arranging for the audit. In addition, the recipient shall submit copies of the reports to each Federal department or agency that provided Federal assistance funds to the recipient. Subrecipients shall submit copies to recipients that provided them Federal assistance funds. The reports shall be sent within 30 days after the completion of the audit, but no later than one year after the end of the audit period unless a longer period is agreed to with the cognizant agency. 9/13

- withholding or disallowing overhead costs, and
- suspending the Federal assistance agreement until the audit is made.

18. Auditor Selection. In arranging for audit services State and local governments shall follow the procurement standards prescribed by Attachment O of Circular A-102, "Uniform requirements for grants to State and local governments." The standards provide that while recipients are encouraged to enter into intergovernmental agreements for audit and other services, analysis should be made to determine whether it would be more economical to purchase the services from private firms. In instances where use of such intergovernmental agreements are required by State statutes (e.g., audit services) these statutes will take precedence.

19. Small and Minority Audit Firms. Small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contracts awarded to fulfill the requirements of this Circular. Recipients of Federal assistance shall take the following steps to further this goal:

- a. Assure that small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals are used to the fullest extent practicable.
- b. Make information on forthcoming opportunities available and arrange timeframes for the audit so as to encourage and facilitate participation by small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals.
- c. Consider in the contract process whether firms competing for larger audits intend to subcontract with small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals.
- d. Encourage contracting with small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals which have traditionally audited government programs and, in such cases where this is not possible, assure that these firms are given consideration for audit subcontracting opportunities.
- e. Encourage contracting with consortiums of small audit firms as described in paragraph (a) above when a contract is too large for an individual small audit firm or audit firm owned and controlled by socially and economically disadvantaged individuals.
- f. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration in the solicitation and utilization of small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals.

Definition of Major Program as Provided
in P.L. 98-502

"Major Federal Assistance Program," for State and local governments having Federal assistance expenditures between \$100,000 and \$100,000,000, means any program for which Federal expenditures during the applicable year exceed the larger of \$300,000, or 3 percent of such total expenditures.

Where total expenditures of Federal assistance exceed \$100,000,000, the following criteria apply:

<u>Total Expenditures of Federal Financial Assistance for All Programs</u>		<u>Major Federal Assistance Program Means any Program That Exceeds</u>
<u>more than</u>	<u>but less than</u>	
\$100 million	1 billion	\$ 3 million
1 billion	2 billion	4 million
2 billion	3 billion	7 million
3 billion	4 billion	10 million
4 billion	5 billion	13 million
5 billion	6 billion	16 million
6 billion	7 billion	19 million
over 7 billion		20 million



Appendix D

OMB Circular A-133

000113

OMB Circular A-133

Audits of Institutions of Higher Learning and Other Non-Profit Institutions

(As published in the Federal Register dated March 16, 1990)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

000114



March 8, 1990

OMB Circular No. A-133

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Audits of Institutions of Higher Education and Other
Nonprofit Institutions

1. Purpose. Circular A-133 establishes audit requirements and defines Federal responsibilities for implementing and monitoring such requirements for institutions of higher education and other nonprofit institutions receiving Federal awards.

2. Authority. Circular A-133 is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Procedures Act of 1950, as amended; Reorganization Plan No. 2 of 1970; and Executive Order No. 11541.

3. Supersession. Circular A-133 supersedes Attachment F, subparagraph 2h, of Circular A-110, "Uniform Administrative Requirements for Grants and other Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations."

4. Applicability. The provisions of Circular A-133 apply to:

a. Federal departments and agencies responsible for administering programs that involve grants, cost-type contracts and other agreements with institutions of higher education and other nonprofit recipients.

b. Nonprofit institutions, whether they are recipients, receiving awards directly from Federal agencies, or are sub-recipients, receiving awards indirectly through other recipient.

These principles, to the extent permitted by law, constitute guidance to be applied by agencies consistent with and within the discretion, conferred by the statutes governing agency action.

5. Requirements and Responsibilities.

The specific requirements and responsibilities of Federal departments and agencies and institutions of higher education and other nonprofit institutions are set forth in the attachment.

6. Effective Date. The provisions of Circular A-133 are effective upon publication and shall apply to audits of nonprofit institutions for fiscal years that begin on or after January 1, 1990. Earlier implementation is encouraged. However, until the

000115

OFFICE OF MANAGEMENT AND BUDGET

Issuance of Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations"

AGENCY: Office of Management and Budget.

ACTION: Final issuance of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations."

SUMMARY: Circular A-133 provides policy guidance to Federal agencies for establishing uniform requirements for audits of awards provided to institutions of higher education and other nonprofit organizations. It promotes the efficient and effective use of audit services.

These audit policies arise from a commitment made by the Office of Management and Budget (OMB) during Congressional consideration of the Single Audit Act of 1984, Public Law 98-502. At that time Congress agreed to exclude most colleges and universities from coverage under the Act. OMB agreed to develop an audit policy for these organizations. In addition, at the request of the Inspector General, OMB has extended these audit policies to other nonprofit organizations not covered by Circular A-128, "Audits of State and Local Governments."

DATE: Circular A-133 is effective immediately and shall apply to fiscal years of institutions of higher education and other nonprofit institutions that begin after January 1, 1990. Early implementation is encouraged. However, until the Circular is implemented, the audit provisions of Attachment F to Circular 110 shall continue to be observed.

FOR FURTHER INFORMATION CONTACT: Palmer Marcantonio, Financial Management Division, 10235 NEOB, OMB, Washington, DC 205 (telephone: 202-395-3993).

SUPPLEMENTARY INFORMATION:

A. Background.

On November 10, 1988, a notice was published in the Federal Register (53 FR 45744) requesting comments on a proposed Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations."

Interested parties were invited to submit comments by January 1989. Almost 100 comments were received from Federal agencies, State and local governments, universities, professional organizations, nonprofit organizations and others. All comments were considered in developing these final requirements.

determining beneficiary eligibility, verifying units service rendered, and controlling program income.

Requirements Based on Awards Received.

Comment: Raise the audit threshold to \$100,000 from \$25,000 exempt institutions below this level from audit requirements.

Response: The threshold of \$25,000 is the same requirement set law for State and local governments under Circular 128, "Audits of State and Local Governments." Based experience to date with that Circular, the \$25,000 threshold appears to be a reasonable one and does not impose an unreasonable burden on small grantees. Consideration will be given to changing this requirement if Congress changes it for State and local governments.

Comment: Nonprofit institutions receiving \$100,000 or more financial assistance under only one program should have an option to have an audit made under the Circular or program specific audit.

Response: The Circular was amended to provide that nonprofit institutions receiving \$100,000 or more but receiving awards under only one program have the option of having an audit either under the Circular or a program specific audit.

Recipient Responsibility.

Comment: Several commenters objected to the requirement for prime recipient to review audit reports of subrecipients.

Response: OMB believes that prime recipient has a responsibility to ensure Federal funds were spent in accordance with applicable laws and regulations. At a minimum, the prime recipient should ensure subrecipients meet applicable audit requirements and that corrective action is taken in instances of noncompliance with Federal laws and regulations.

Frequency of Audit.

Comment: The Circular requires an annual audit of institutions higher education and other nonprofit organizations. This is a change in audit policy which now requires an audit

Audit Reports.

Comment: Recipients already incur significant additional expense in arranging for new audits. The requirements to send copies of audit reports to each Federal agency adds cost and paperwork beyond reason.

Response: The audit report distribution requirement is in accordance with the General Accounting Office Government Auditing Standards and is the one required by State and local governments. Most colleges and universities are only dealing with a limited number of Federal agencies and the additional burden should be minimal.

Comment: The date for a completed audit report of one year is too long.

Response: The one-year period is the standard established by the Single Audit Act, P.L. 98-502, for State and local governments. OMB does not believe there should be a different standard for institutions of higher education and other nonprofit organizations.

Other Comments.

Comment: It is not clear if an audit made in accordance with Circular A-133 is intended to be relied on with regard to cost allocation plan.

Response: If indirect costs were claimed as expenditures on Federal programs during the period being audited, the auditor should have ascertained that the amounts claimed were determined in accordance with the appropriate cost principles. Federal departments and agencies should rely on the work done by independent auditors on cost allocation procedures and practices and avoid duplicate audits.

Comment: Is it intended that an audit made in accordance with Circular A-133 will suffice for closing out contracts?

Response: Federal agencies are encouraged to rely on Circular A-133 audits to the maximum extent practicable, including their use on contract close-outs. However, each Federal agency will be governed by its procurement regulations in determining what additional work, if any, will be required to close out contracts.

OMB CIRCULAR A-133
AUDITS OF INSTITUTIONS OF HIGHER EDUCATION
AND OTHER NONPROFIT INSTITUTIONS

ATTACHMENT

1. Definitions. For the purposes of this Circular, the following definitions apply:

a. "Award" means financial assistance, and Federal cost-type contracts used to buy services or goods for the use the Federal Government. It includes awards received directly from the Federal agencies or indirectly through recipients. It does not include procurement contracts to vendors under grants contracts, used to buy goods or services. Audits of such vend shall be covered by the terms and conditions of the contract.

b. "Cognizant agency" means the Federal agency assigned the Office of Management and Budget to carry out the responsibilities described in paragraph 3 of this Attachment.

c. "Coordinated audit approach" means an audit wherein independent auditor, and other Federal and non-federal auditor consider each other's work, in determining the nature, timing, and extent of his or her own auditing procedures. A coordinat audit must be conducted in accordance with Government Auditing Standards and meet the objectives and reporting requirements s forth in paragraph 12(b) and 15, respectively, of this Attachment. The objective of the coordinated audit approach i to minimize duplication of audit effort, but not to limit the scope of the audit work so as to preclude the independent audi from meeting the objectives set forth in paragraph 12(b) or issuing the reports required in paragraph 15 in a timely manne

d. "Federal agency" has the same meaning as the term 'agency' in Section 551(1) of Title 5, United States Code.

e. "Federal Financial Assistance."

(1) "Federal financial assistance" means assistance provided by a Federal agency to a recipient or sub-recipient carry out a program. Such assistance may be in the form of:

- grants;
- contracts;
- cooperative agreements;
- loans;
- loan guarantees;
- property;
- interest subsidies;
- insurance;
- direct appropriations;
- other non-cash assistance.

- Individual awards not in the student aid or research and development category.

j. "Management decision" means the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.

k. "Nonprofit institution" means any corporation, trust, association, cooperative or other organization which 1) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; 2) is organized primarily for profit; and 3) uses its net proceeds to maintain, improve, and/or expand its operations. The term "nonprofit institutions" includes institutions of higher education, except those institutions that are audited as part of single audits in accordance with Circular A-128 "Audits of State and Local Governments." The term does not include hospitals which are not affiliated with an institution of higher education or State and local governments and Indian tribes covered by Circular A-128 "Audits of State and Local Governments."

l. "Oversight" agency means the Federal agency that provides the predominant amount of direct funding to a recipient not assigned a cognizant agency, unless no direct funding is received. Where there is no direct funding, the Federal agency with the predominant indirect funding will assume the general oversight responsibilities. The duties of the oversight agency are described in paragraph 4 of this Attachment.

m. "Recipient" means an organization receiving financial assistance to carry out a program directly from Federal agency.

n. "Research and development" includes all research activities, both basic and applied, and all development activities that are supported at universities, colleges, and other nonprofit institutions. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

o. "Student Financial Aid" includes those programs of general student assistance in which institutions participate, such as those authorized by Title IV of the Higher Education Act of 1965 which is administered by the U.S. Department of Education and similar programs provided by other Federal agencies. It does not include programs which provide fellowships or similar awards.

(2) Smaller institutions not assigned a cognizant agency will be under the general oversight of the Federal agency that provides them with the most funds.

(3) Assignments to Federal cognizant agencies for carrying out responsibilities in this section are set forth in separate supplement to this Circular.

(4) Federal Government-owned, contractor-operated facilities at institutions or laboratories operated primarily by the Government are not included in the cognizance assignments. These will remain the responsibility of the contracting agencies. The listed assignments cover all of the functions in this Circular unless otherwise indicated. The Office of Management and Budget will coordinate changes in agency assignments.

3. Cognizant Agency Responsibilities. A cognizant agency shall:

a. Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of this Circular.

b. Provide technical advice and liaison to institutions and independent auditors.

c. Obtain or make quality control reviews of selected audits made by non-Federal audit organizations, and provide the results, when appropriate, to other interested organizations.

d. Promptly inform other affected Federal agencies and appropriate Federal law enforcement officials of any reported illegal acts or irregularities. A cognizant agency should also inform State or local law enforcement and prosecuting authorities, if not advised by the recipient, of any violation of law within their jurisdiction.

e. Advise the recipient of audits that have been found not to have met the requirements set forth in this Circular. In such instances, the recipient will work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency shall notify the recipient and Federal awarding agencies of the facts and make recommendations for follow-up action. Major inadequacies or repetitive substandard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action.

f. Coordinate, to the extent practicable, audits or reviews made for Federal agencies that are in addition to the audits made pursuant to this Circular, so that the additional

planned and carried out in such a way as to build upon work performed by the independent auditor.

b. Audit planning by Federal audit agencies should consider the extent to which reliance can be placed upon work performed by other auditors. Such auditors include State, local, Federal, and other independent auditors, and a recipient's internal auditors. Reliance placed upon the work of other auditors should be documented and in accordance with Government Auditing Standards.

c. The provisions of this Circular do not limit the authority of Federal agencies to make or contract for audits or evaluations of Federal awards, nor do they limit the authority of any Federal agency Inspector General or other Federal official.

d. The provisions of this Circular do not authorize any institution or sub-recipient thereof to constrain Federal agencies, in any manner, from carrying out additional audits, evaluations or reviews.

e. A Federal agency that makes or contracts for audits, in addition to the audits made by recipients pursuant to this Circular, shall, consistent with other applicable laws and regulations, arrange for funding the cost of such additional audits. Such additional audits or reviews include financial, performance audits and program evaluations.

7. Frequency of Audit. Audits shall usually be performed annually but not less frequently than every two years.

8. Sanctions. No audit costs may be charged to Federal awards when audits required by this Circular have not been made or have been made but not in accordance with this Circular. In cases of continued inability or unwillingness to have a proper audit in accordance with the Circular, Federal agencies must consider appropriate sanctions including:

- withholding a percentage of awards until the audit is completed satisfactorily;
- withholding or disallowing overhead costs; or
- suspending Federal awards until the audit is made.

9. Audit Costs. The cost of audits made in accordance with provisions of this Circular are allowable charges to Federal awards. The charges may be considered a direct cost or an allocated indirect cost, determined in accordance with the provisions of Circular A-21, "Cost Principles for Universities" or Circular A-122, "Cost Principles for Nonprofit Organizations".

12. Scope of Audit and Audit Objectives.

a. The audit shall be made by an independent auditor in accordance with Government Auditing Standards developed by the Comptroller General of the United States covering financial audits. An audit under this Circular should be an organization-wide audit of the institution. However, there may be instances where Federal auditors are performing audits or are planning to perform audits at nonprofit institutions. In these cases, to minimize duplication of audit work, a coordinated audit approach may be agreed upon between the independent auditor, the recipient and the cognizant agency or the oversight agency. Those auditors who assume responsibility for any or all of the reports called for by paragraph 15 should follow guidance set forth in Government Auditing Standards in using work performed by others.

b. The auditor shall determine whether:

(1) The financial statements of the institution present fairly its financial position and the results of its operations in accordance with generally accepted accounting principles;

(2) The institution has an internal control structure to provide reasonable assurance that the institution is managing Federal awards in compliance with applicable laws and regulations, and controls that ensure compliance with the laws and regulations that could have a material impact on the financial statements; and

(3) The institution has complied with laws and regulations that may have a direct and material effect on its financial statement amounts and on each major Federal program.

13. Internal Controls Over Federal Awards; Compliance Reviews

a. General. The independent auditor shall determine an report on whether the recipient has an internal control structure to provide reasonable assurance that it is managing Federal awards in compliance with applicable laws, regulations, and contract terms, and that it safeguards Federal funds. In performing these reviews, independent auditors should rely upon work performed by a recipient's internal auditors to the maximum extent possible. The extent of such reliance should be based upon the Government Auditing Standards.

b. Internal Control Review.

(1) In order to provide this assurance on internal controls, the auditor must obtain an understanding of the

for the program; the newness of the program or changes in its conditions; prior experience with the program particularly as revealed in audits and other evaluations (e.g., inspections, program reviews, or system reviews required by Federal Acquisition Regulations); the extent to which the program is carried out through sub-recipients; the extent to which the program contracts for goods or services; the level to which the program is already subject to program reviews or other forms of independent oversight; the adequacy of the controls for ensuring compliance; the expectation of adherence or lack of adherence to the applicable laws and regulations; and the potential impact of adverse findings.

(4) In making the test of transactions, the auditor shall determine whether:

- the amounts reported as expenditures were for allowable services, and
- the records show that those who received services or benefits were eligible to receive them.

(5) In addition to transaction testing, the auditor shall determine whether:

- matching requirements, levels of effort and earmarking limitations were met,
- Federal financial reports and claims for advances and reimbursement contain information that is supported by books and records from which the basic financial statements have been prepared, and
- amounts claimed or used for matching were determined in accordance with 1) OMB Circular A-21, "Cost Principles for Educational Institutions"; 2) matching or cost sharing requirements in Circular A-110, "Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations"; 3) Circular A-122, "Cost Principles for Nonprofit Organizations"; 4) FAR subpart 31 cost principles; and 5) other applicable cost principles or regulations.

(6) The principal compliance requirements of the largest Federal programs may be ascertained by referring to the "Compliance Supplement for Single Audits of Educational Institutions and Other Nonprofit Organizations," and the

managed in compliance with applicable laws and regulations, and 3) the reportable conditions, including the identification of material weaknesses, identified as a result of the auditor's work in understanding and assessing the control risk. If the auditor limits his/her consideration of the internal control structure for any reason, the circumstances should be disclosed in the report.

- (3) The auditor's report on compliance containing:
- An opinion as to whether each major Federal program was being administered in compliance with laws and regulations applicable to the matters described in paragraph 13(c)(3) of this Attachment, including compliance with laws and regulations pertaining to financial reports and claims for advances and reimbursements;
 - A statement of positive assurance on those items that were tested for compliance and negative assurance on those items not tested;
 - Material findings of noncompliance presented in their proper perspective:
 - o The size of the universe in number of items and dollars,
 - o The number and dollar amount of transactions tested by the auditors,
 - o The number and corresponding dollar amount of instances of noncompliance;
 - Where findings are specific to a particular Federal award, an identification of total amount questioned, if any, for each Federal award, as a result of noncompliance and the auditor's recommendations for necessary corrective action.

d. The three parts of the audit report may be bound into single document, or presented at the same time as separate documents.

e. Nonmaterial findings need not be disclosed with the compliance report but should be reported in writing to the recipient in a separate communication. The recipient, in turn, should forward the findings to the Federal grantor agencies or subgrantor sources.

f. All fraud or illegal acts or indications of such acts, including all questioned costs found as the result of these acts:

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17. Audit Workpapers and Reports. Workpapers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by the cognizant agency to extend the retention period. Audit workpapers shall be made available upon request to the cognizant agency or its designee or the General Accounting Office, at the completion of the audit.



Appendix E

Acquisition Letter 95-06, June 28, 1995

000127



Department of Energy
Acquisition Regulation

No. 95-06
Date June 28, 1995

ACQUISITION LETTER

AUTHORITY

This Acquisition Letter (AL) is issued by the Procurement Executive pursuant to a delegation from the Secretary and under the authority of the Department of Energy Acquisition Regulation (DEAR) 901.301-70.

CONTENTS

CITATION

TITLE

DEAR 945.6	Reporting, Redistribution, and Disposal of Contractor Inventory Property
DEAR 970.5204-21	Property
DEAR 970.0801	Excess personal property

- I. Purpose. The purpose of this AL is to establish the development of a "Personal Property Letter" (PPL) as a mechanism for providing guidance to contracting activities concerning implementation of the above cited regulations. The PPL will be amended from time to time to provide guidance and implementation direction to those contracting activities having implementation responsibility for the above.
- II. Background. Several initiatives have occurred during the past year regarding the contractor's personal property management system in the Department. These initiatives include:
 - (1) The Contract Reform Report which stated that the Department should improve its contracting practices and contract management techniques. One of the recommendations was to develop a matrix of criteria and performance measurements for real and personal property management. A Quality Improvement Team developed a report entitled "Matrix of Criteria and Performance Measurements for Real and Personal Property Management," dated July 15, 1994, in response to this request. The report should be used as a tool to support continuous improvement in personal property management. The performance measurements are intended to provide quantitative evaluation of the level of performance trending toward a goal of continuous improvement.



Appendix F

Personal Property Letter, Issue Number 970-1, June 28, 1995

000129

	<p>PERSONAL PROPERTY LETTER</p> <p>ISSUE NUMBER 970-1</p> <p>Date <u>June 23, 1995</u></p>	
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This Personal Property Letter (PPL) is issued by the Deputy Assistant Secretary for Procurement and Assistance Management, to provide assistance in the implementation of the property clause of the Department of Energy Acquisition Regulations.

CITATION

TITLE

Public Law 103-160

National Defense Authorization Act for Fiscal Year 1994

ECONOMIC DEVELOPMENT PROPERTY

- I. Purpose. The purpose of this initial PPL, Number PPL 970-1, is to provide guidance concerning the transfer of Department of Energy (DOE) personal property identified as necessary for economic development and located at DOE sites and facilities that are undergoing reconfiguration or closure, or are expected to be scheduled for termination or other significant transition due to the downsizing of the Department's nuclear weapons production mission.
- II. Background. Section 3155 of Public Law 103-160, the National Defense Authorization Act for Fiscal Year 1994, authorizes the Secretary of Energy to transfer, for consideration, all rights, title, and interest of the United States in and to excess, and under certain circumstances, non-excess personal property and equipment if the Secretary determines that such transfers will mitigate the adverse economic consequences that might otherwise arise from the closure of the DOE facility.
- III. Effective Date. This guidance is effective immediately upon its release.
- IV. Expiration Date. This guidance will remain in effect until rescinded or amended.
- V. Guidance. This attached guidance is provided concerning the transfer of DOE personal property for economic development.

All equipment identified as necessary for non-nuclear reconfiguration will be shipped to other DOE sites to reestablish key technologies for National Defense programs. Such equipment will not be available for local economic development.

The Operations Offices, Field Offices, or Area Offices are expected to assist the local CRO in the development of a local economic development program plan. The plan should describe any personal property needed for specific economic development projects to be accomplished.

2. EXCESS DETERMINATION

An inventory of personal property identified for local economic impact will be provided to the CRO, however, no transfer of possession or conveyance of title to such equipment will occur until the property is determined to be excess to the needs of DOE.

The decision requiring the excess determination for personal property items identified with those Federal Supply Classification groups, listed as Group 1 (Table 1), and having an acquisition cost of less than \$5,000 may be made by the local activity where the property is located. Property in this Group 1 will not be subject to Departmental screening through the DOE Reportable Excess Automated Property System (REAPS).

Personal property items identified with those Federal Supply Classification Groups, identified as Group 2, (Table 2), are only occasionally reutilized in the Department and, therefore, items in this group with an acquisition cost of less than \$5,000 must be reported in REAPS but for only 15 days.

All other items of property not identified in either Group 1 or Group 2 will undergo REAPS screening for 30 days. REAPS procedures for processing personal property identified for economic development are at Attachment 3.

All personal property which has been: 1) determined to be excess to DOE needs and 2) has been identified as having possible application to local economic development projects will be so identified in a local personal property inventory database.

3. TRANSFER OF EXCESS

When it is concluded that there are no other DOE requirements, in exchange for reasonable consideration, the Department may offer the property to the CRO for the purpose of economic development.

Table 1

Expedited Reutilization Procedures

These procedures only apply to excess personal property located at DOE sites which will be closed or reconfigured.

Group 1 - Local DOE Screening

Property which falls in the following Federal Supply Classification Groups, when the acquisition cost is less than \$5,000, may be determined to be excess by local DOE authority and transferred for economic development after completion of local screening. This property will not be subject to Departmental screening under the DOE Reportable Excess Automated Property System (REAPS).

<u>Group Number</u>	<u>Title</u>
25	Vehicular Equipment Components
26	Tires and Tubes
28	Engines, Turbines, and Components
29	Engine Accessories
31	Bearings
32	Woodworking Machinery and Equipment
40	Rope, Cable, Chain, and Fittings
43	Pumps and Compressors
47	Pipe, Tubing, Hose, and Fittings
48	Valves
51	Hand Tools
52	Measuring Tools
53	Hardware and Abrasives
54	Prefabricated Structures and Scaffolding
55	Lumber, Millwork, Plywood, and Veneer
56	Construction and Building Materials
59	Electrical and Electronic Equipment Components
60	Fiber Optics Materials, Components, Assemblies, and Accessories
61	Electric Wire, and Power and Distribution Equipment
62	Lighting Fixtures and Lamps
67	Photographic Equipment
69	Training Aids and Devices
72	Household and Commercial Furnishings and Appliances
73	Food Preparations and Serving Equipment
75	Office Supplies and Devices
76	Books, Maps, and Other Publications
77	Musical Instruments, Phonographs, and Home-Type Radios
78	Recreational and Athletic Equipment
79	Cleaning Equipment and Supplies
80	Brushes, Paints, Sealers, and Adhesives
81	Containers, Packaging, and Packing Supplies
83	Textiles, Leather, Furs, Apparel and Shoe Findings, Tents and Flags
84	Clothing, Individual Equipment and Insignia

000132

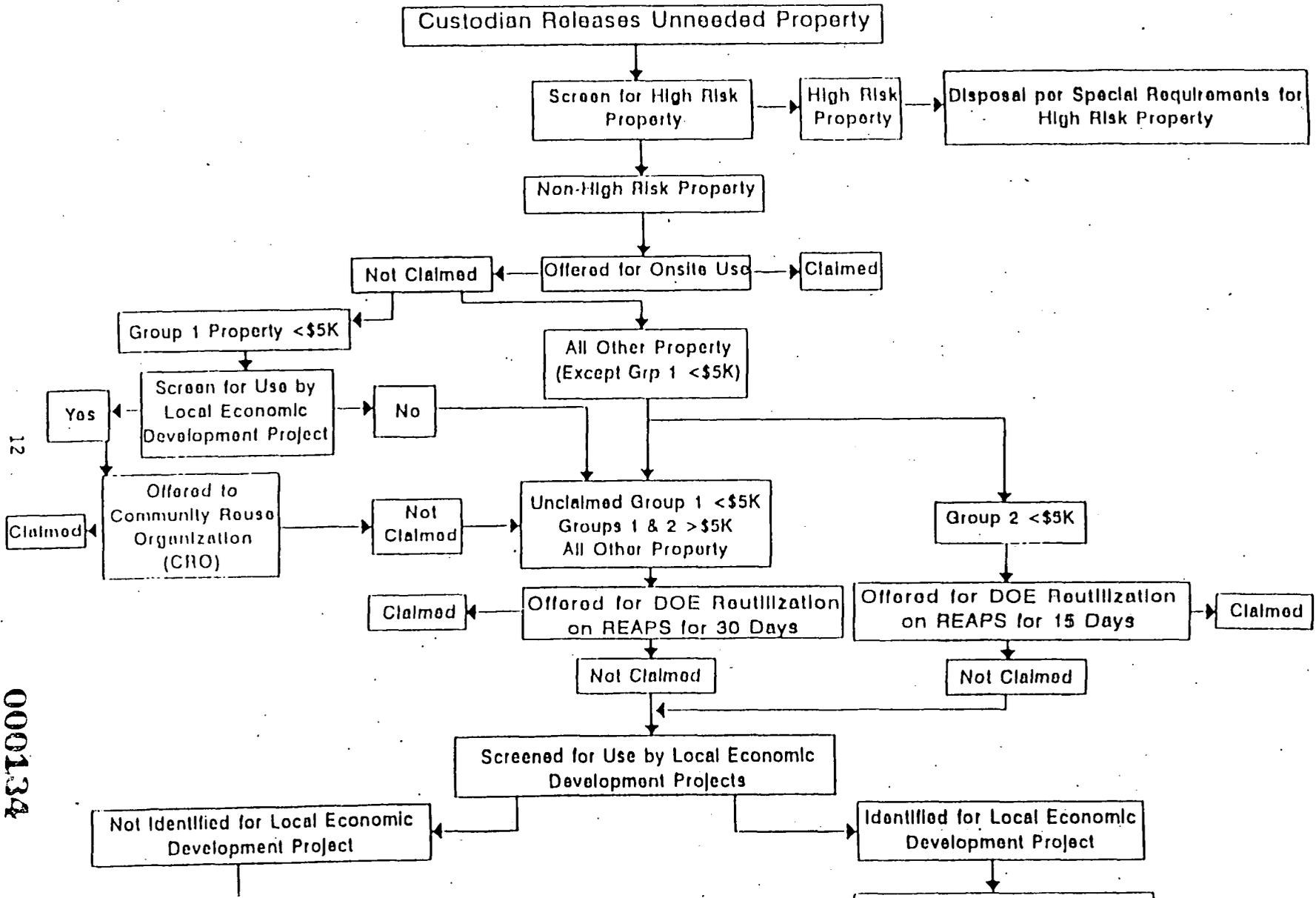
Table 2

Group 2 - Expedited DOE Screening

Property which falls in the following Federal Supply Classification Groups, when the acquisition cost is less than \$5,000, require a 15-day Departmental reutilization screening period before becoming eligible for transfer for economic development. These items will be entered in the REAPS for 15 calendar days. All property considered for transfer for economic development will be in condition code 4 or better.

<u>Group Number</u>	<u>Title</u>
19	Small Craft, Pontoons, and Floating Docks (<u>Does not include Ships</u>)
23	Ground Effect Vehicles, Motor Vehicles, Trailers, and Cycle
24	Tractors
30	Mechanical Power Transmission Equipment
34	Metalworking Equipment
35	Service and Trade Equipment
36	Special Industry Machinery
37	Agricultural Machinery and Equipment
38	Construction, Mining, Excavating, and Highway Maintenance Equipment
39	Materials Handling Equipment
41	Refrigeration, Air Conditioning, and Air Circulating Equipment
42	Fire Fighting, Rescue, and Safety Equipment
44	Furnace, Steam Plant, and Drying Equipment (<u>Does not include Nuclear Reactors</u>)
45	Plumbing, Heating, and Sanitation Equipment
46	Water Purification and Sewage Treatment Equipment
47	Pipe, Tubing, Hose, and Fittings
48	Valves
49	Maintenance and Repair Shop Equipment
54	Prefabricated Structures and Scaffolding
56	Construction and Building Materials
63	Alarm, Signal, and Security Detection Systems
65	Medical, Dental and Veterinary Equipment and Supplies
68	Chemicals and Chemical Products
70	General Purpose Automatic Data Processing Equipment (Including Firmware), Software, Supplies and Support Equipment
71	Furniture
72	Household and Commercial Furnishings and Appliances
73	Food Preparation and Serving Equipment
74	Office Machines, Text Processing Systems and Visible Record Equipment
95	Metal Bars, Sheets, and Shapes
99	Miscellaneous

EXPEDITED REUTILIZATION PROCEDURES FOR THE TRANSFER OF PERSONAL PROPERTY FOR ECONOMIC DEVELOPMENT



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Table 4



Appendix G

Listing of Defense Nuclear Facilities

The list below reflects facilities receiving funding for Atomic Energy Defense activities of the Department of Energy, with the exceptions of activities under Naval Reactor Propulsion. It is recognized that these facilities have varying degrees of defense activities, ranging from a total defense dedication to a very small portion of their overall activity. This may cause certain difficulties in implementing the intent of the section 3161 legislation. Regardless, this listing will be used by the Office for possible application of funding received for defense worker assistance and community transition purposes.

Kansas City Plant

Pinellas Plant

Mound Facility

Fernald Environmental Management Project Site

Pantex Plant

Rocky Flats Environmental Technology Site, including the Oxnard Facility

Savannah River Site

Los Alamos National Laboratory

Sandia National Laboratory

Argonne National Laboratory

Brookhaven National Laboratory

Lawrence Livermore National Laboratory

Oak Ridge National Laboratory

Nevada Test Site

Y-12 Plant

K-25 Plant



APPENDIX H

Use of Real and Related Personal Property at DOE Facilities

(Report of the Facility Modification and Reuse focus group, Jim Cayce, Chair)

A. Scope

This section provides the guidance for making Department of Energy real and related personal property available for community transition purposes. It supplements existing rules and regulations (such as environmental compliance), but is not intended to modify or supersede any other requirements of the Department, other than the real estate requirements. The Department may lease or grant permits and easements (the "lease") on its available real and related personal property identified as necessary for community transition.

B. Procedures and Responsibilities

1. The Department may lease directly to:

a. the CRO; and

b. any entity recommended by the CRO using the process agreed to by the Department and the CRO for developing prospects for community transition.

2. In general, the order of precedence for use of under-utilized real property and related personal property at Department sites is: (1) Department of Energy missions not related to community transition; (2) the purposes of community transition; (3) Federal, state and local agency use not related to community transition; and (4) private use not related to community transition. The field organization is responsible for resolving conflicting proposed uses of the Department's assets under its jurisdiction.

3. Terms and Conditions of a lease to the CRO or its designee (the "tenant") will include but not be limited to the following aspects:

a. Leases for community transition will specify that, initially, the consideration will be care and custody of the leased premises by the tenant. The lease may provide for payment of full or partial fair market rent by the tenant if it subleases portions of the space. The tenant may charge its subtenants more or less than the rent it owes to the Department. The field organization will require the tenant to make available for public record written documentation justifying all decisions to sublease at less than fair



environmental contamination of property or interests in property considered for lease;

2) define potential environmental contamination liabilities associated with the lease; and

3) develop sufficient information to assess the health and safety risks--and ensure adequate protection--to human health and to the environment that may be caused by work in the leased premises.

h. An inventory and condition report will be jointly issued by the parties entering into the lease agreement prior to occupancy.

i. An occupational safety and health survey (OSHA baseline survey) should be conducted prior to any change in use of the facility. This survey should examine the proposed new use of the facility and focus on fire protection, ventilation systems, etc. Any restrictions resulting from the survey shall also be contained in subleases.



Appendix I

Quarterly Progress Report: (Date)

Project Title: *(a name selected by the site for the specific activity or activities-- e.g.; incubator loan fund; entrepreneurial training. The site and the CRO will determine the best method for project definition, consistent with the way funds were requested and approved.*

DOE Site Contact: *(name of DOE Field or Area Office point of contact)*

CRO Contact: *(name of CRO point of contact [if different from the project manager])*

Project Manager: *(name, address, and phone number of the primary applicant of the project under review)*

Project start date: *(date funding recipient is authorized to proceed by the field office)*

Expected completion date: *(Date funding recipient is expected to complete the project)*

Description of project: *(a short narrative description of the project.)*

Funding History: *(a record of the project funding. Committed means funds released to a field organization by W.T.; obligated means monies released to the CRO or other recipient by the field organization; and costed means expended by the CRO or other recipient.*

Status of WT Funds	Cumulative Amount
Committed by WT	
Obligated by the field organization	
Costed by the recipient	
Unobligated by the field organization	

For W.T. funding, identify the cumulative amount committed by W.T.; the cumulative amount obligated by the field office; the amount unobligated; and the amount costed by the recipient (The last three are expected to add up to the amount committed by W.T.). For leveraged funds identify each source and the cumulative amount from that source.

Funding Source	Cash	In-kind