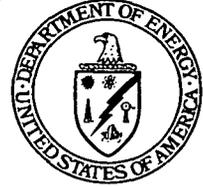




Department of Energy

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JUN 15 2001

Mr. James A. Saric, Remedial Project Manager
United States Environmental Protection Agency
Region V, SRF-5J
77 West Jackson Boulevard
Chicago, Illinois 60604-3590

DOE-0508-01

Mr. Tom Schneider, Project Manager
Ohio Environmental Protection Agency
401 East 5th Street
Dayton, Ohio 45402-2911

Dear Mr. Saric and Mr. Schneider:

BASELINE

- References:
1. Letter from J. A. Saric, USEPA, to J. W. Reising, DOE-FEMP, "FDF Rebaseline of the Fernald Project," dated February 28, 2001
 2. Letter from T. Schneider, OEPA, to S. McCracken, DOE-FEMP, "Baseline," dated March 9, 2001

We are in receipt of the above referenced letters. The Department of Energy (DOE) is appreciative of the United States Environmental Protection Agency (USEPA) and Ohio Environmental Protection Agency's (OEPA) recognition of the progress that has been attained at the Fernald Environmental Management Project (FEMP). The progress at the FEMP is directly attributable to the partnership between the DOE, our regulators, and stakeholders, as well as the contractor. Maintaining these proactive relationships is of utmost importance to DOE.

Due to the similarity and consistency of your concerns and positions, the DOE is responding singularly to your above referenced letters. This correspondence is intended to provide general responses to your concerns.

In February, DOE agreed that in the mid-April time frame, we would take a position regarding the baseline sequence of work that is being developed by Fluor Fernald, Inc. We made this commitment with the intent to assure that DOE's position would consider input

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from all stakeholders. During this three month period of time, we have had numerous meetings and discussions and have received written input from the USEPA, OEPA, and the Fernald Citizens Advisory Board (FCAB). This letter is intended to document our position, which was stated in meetings the week of April 15, 2001, and close the loop in responding to the letters we have received.

First of all, let me say that I am impressed with the open, candid discussions that have taken place. The process thus far in trying to deal with the important issue of how best to accomplish the work within the funding levels that Fluor Fernald, Inc. has been directed to assume, has been substantive. It is apparent that everyone is dedicated to getting the job done and that our positions are all intended to support that objective. Following is a summary of the DOE position. It is important to note that rebaselining is still "work in progress" with an expected completion date in September. As an example, the original Alternative #6 has been revised to reflect the results of recent site developments as well as stakeholder input. We will continue to try to narrow and hopefully eliminate any differences that we have.

Some background is appropriate in order to provide a framework for the discussion that follows. The basis for our individual analyses and collective discussions has been various work sequencing alternatives prepared by Fluor Fernald, Inc. These Alternatives were developed in order to provide cost and schedule comparisons for different approaches to the work. The USEPA and the State generally favor Alternative 3, which would assure continuous waste excavation and waste placement activity. Alternative 6, on the other hand, would result in discontinuation of waste excavation and waste placement for an extended period of time, and it is Fluor Fernald, Inc.'s position that this Alternative will result in the best overall cost and schedule savings.

Having considered all of the input we have received, DOE supports implementation of Alternative 6, as revised. Based on an independent review by my staff, it is DOE's conclusion that this course of action offers the best opportunity to accelerate the schedule and minimize the cost of the project, while not compromising safety, quality, or remediation objectives.

We recognize that support of this alternative will jeopardize some of the projects existing regulatory milestones and we take this circumstance very seriously. At the same time, we believe that the new cost plus incentive fee contract with Fluor Fernald, Inc. will produce a path forward that ultimately minimizes schedule while assuring quality and safety. The very structure of the contract, which emphasizes a break from "business as usual" demonstrates the DOE's commitment to the Fernald cleanup and provides the best opportunity to minimize the impacts of revised funding.

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This baseline prioritization calls for an interim suspension of the soils excavation and placement of material in the On-Site Disposal Facility (OSDF). In addition to the regulatory compliance issues associated with the suspension, your letters also expressed technical concerns about the protectiveness of an interim cap for OSDF operations. In deciding to move forward with the scenario funding prioritization, the DOE evaluated this issue and relied heavily on the position of Geosyntec, the design Engineer of Record. Geosyntec, a nationally renowned firm specializing in the design, construction, and operation of engineered disposal facilities, has established the position in writing that suspension of material placement in the OSDF can be accomplished without compromise to its long-term integrity. In pursuing regulator and stakeholder support for the OSDF, the DOE agreed to implement a very conservative approach to its design, construction, and operation. The DOE is not aware of any comprehensive, quantitative evaluation that concludes such a very conservative approach is compromised by an interim suspension in material placement. The DOE agrees that loss of institutional knowledge during the interim period of these impacted projects is of concern. The DOE will strongly encourage Fluor Fernald, Inc. to implement its plan to include key technical and managerial staff from impacted projects in a specific retention plan.

The chosen scenario prioritizes the Silos and Waste Pits Projects. These projects have historically been the stakeholder's highest remedial priority and, specifically, present the most significant long-term risk remaining on-site. The Silos Project also represents the overall project's critical path and, therefore, the key to closure acceleration and cost reduction. The DOE acknowledges that past difficulties have been experienced on the Silos Project. This does not, however, negate the benefits of aggressively pursuing the project. The FCAB has reiterated our stakeholders' desire to continue high prioritization of the silos. In addition, the DOE believes several recent developments make successful implementation of the project more likely. First, chemical stabilization has been chosen as the remedy specifically because of the higher degree of technical certainty. Second, Fluor Fernald, Inc. has added GTS-Duratek Federal Services to its team. GTS-Duratek Federal Services has extensive successful experience with the waste stabilization technology.

Your letter questions if it is realistic to achieve the soil excavation and placement rates associated with the chosen scenario. The referenced rates were the result of a downward revision by Fluor Fernald, Inc. Soils Project personnel to reflect what they believe are readily achievable.

The DOE recognizes that regulatory issues exist with this prioritization and that, ultimately, alignment with your Agencies is important to successfully implementing our path forward at Fernald. We will continue to work with you on work prioritization approaches that best support closure.

Mr. James A. Saric
Mr. Tom Schneider

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If you have any questions regarding this letter, please contact me at (513) 648-3139.

Sincerely,



Johnny W. Reising
Fernald Remedial Action
Project Manager

FEMP:Reising

cc:

K. Chaney, EM-31/CLOV
N. Hallein, EM-31/CLOV
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G. Jablonowski, USEPA
F. Bell, ATSDR
F. Hodge, Tetra-Tech
M. Schupe, HSI GeoTrans
R. Vandegrift, ODH
D. Carr, Fluor Fernald, Inc./MS2
T. Hagen, Fluor Fernald, Inc./MS65-2
T. Walsh, Fluor Fernald, Inc./MS46
AR Coordinator, Fluor Fernald, Inc./MS78
ECDC, Fluor Fernald, Inc./MS52-7