

memorandum

DATE: OCT 25 2006

REPLY TO

ATTN OF: EMCBC:SMILEY

EMCBC-00039-07

SUBJECT: **QUARTERLY REPORT ON TRANSITION OF OHIO FIELD OFFICE
CLOSURE SITES (FOR PERIOD ENDING JUNE 30, 2006)**

TO: James A. Rispoli, Assistant Secretary for Environmental Management, EM-1, FORS
Michael W. Owen, Director, Office of Legacy Management, LM-1, FORS

Reference: DOE Memorandum from EM-1/LM-1 for Field Distribution titled
"Development of Site Transition Plan, Use of Site Transition Framework, and
Terms and Conditions for Site Transition" dated February 15, 2005

Attached, please find the quarterly progress report on transition activities at the Ohio Field Office Closure Sites (Ashtabula, Columbus, Fernald, and Miamisburg), prepared in accordance with the above referenced EM-1/LM-1 memo (dtd 2/15/05) establishing "Terms and Conditions for Site Transition." The attached quarterly report was developed in coordination with the EM and LM Site Transition Coordinators for each of the four sites, and includes transition status information through the three month reporting period ending 6/30/2006.

Progress reporting for Fernald and Miamisburg is provided against the Site Transition Plans (STP) approved by EM-1 and LM-1 in March 2005, and progress for Columbus is provided against the STP approved in January 2006. An STP for Ashtabula is currently being developed for submittal to EM-1 and LM-1. Please note that the attached report includes revised dates for three STP milestones that are under EM-1/LM-1 configuration control. The Columbus milestone for submittal of the CD-4 package to DOE Headquarters has been changed to 11/30/06, the Fernald milestone for settlement of the NRDA lawsuit has been changed to 6/1/07, and the Mound milestone for transmittal of the final site ROD to the regulator has been changed to 9/30/07.

A quarterly report for period ending 9/30/06 is currently under preparation. That report will be the final report for the Fernald and Columbus sites, both of which transferred to the Office of Legacy Management on 10/1/06. The Mound and Ashtabula sites will continue to be covered in future quarterly reports through period ending 9/30/07.

Please contact me at 513-246-0460, if you have any questions on the attached quarterly report.


Jack R. Craig
Director

Attachment: As Stated

cc: See Page 2

Mr. J. Rispoli
Mr. M. Owen

-2-

EMCBC-00039-07

cc w/attachment:
M. Gilbertson, EM-20
J. Rhoderick, EM-53
D. Geiser, LM-2
A. Kleinrath, LM-50
J. Powell, LM-50
K. Hatch, LM-10
S. Smiley, EMCBC
M. Marks, EMCBC
L. Maul, ACP
J. Sattler, CCP
J. Reising, FCP
D. Pfister, MCP
B. Taylor, OH
G. Stegner, OH

**Quarterly Report on Transition of U.S. DOE Ohio Field Office (OH) Closure Sites
(Ashtabula, Columbus, Fernald, Miamisburg)**

for period ending June 30, 2006

Report prepared by U.S. DOE Environmental Management Consolidated Business Center (EMCBC)

Ashtabula Closure Project (ACP)

The EMCBC awarded an environmental remediation contract for the Ashtabula Closure Project (ACP) in late CY05, and the OH, EMCBC and LM are currently developing a Site Transition Plan (STP). The STP will likely be submitted to EM-1 and LM-1 for signature before CY06 year-end. The Ashtabula STP has been formatted similar to the STP for the Columbus Closure Project, since the Columbus site has many similarities to the Ashtabula site (e.g., privately-owned site, remediation consistent with "Decommissioning Plan" approved by the Nuclear Regulatory Commission [or, in Ashtabula's case, by the Ohio Department of Health]). Because the ACP site is being remediated to unrestricted release standards, limited Long Term Surveillance & Maintenance (LTS&M) may be necessary for a short period of time following EM's transfer of programmatic responsibility to LM on October 1, 2007. A draft LTS&M Plan has been prepared, and that document is currently under review by EM and LM subject matter experts on the ACP Site Transition Team. The draft LTS&M Plan defines a plan of action in the event that the ACP regulators (i.e., Ohio Department of Health and Ohio Environmental Protection Agency) impose upon the site-owner (RMI) the requirement to continue groundwater monitoring beyond the currently-planned, OEPA regulator-approved "four calendar quarters" period that is scheduled to begin in June 2006.

Consistent with the STP for the Columbus site, the draft STP for Ashtabula includes a requirement for the development of a "Records Management Transition Plan" (RMTP). The EM and LM Ashtabula Site Transition Team elected to incorporate the RMTP in the aforementioned LTS&M Plan. The RMTP will define the records management actions that EM must complete, before LM will accept custodianship of Ashtabula Records (which includes the responsibility to act on any future records requests, including FOIA or Privacy Act requests, EEO/CPA claims, legal discoveries, etc.). The below actions, among others, will be described in the RMTP, however, fully-describing these actions (and/or implementing them) will not be a requirement for EM-1/LM-1 signature on/approval of the Site Transition Plan -- the Final RMTP will be a deliverable (milestone) in the Site Transition Plan:

- all records shall be assigned to the appropriate NARA-approved records schedule;
- records that have met their NARA-defined retention schedules will be destroyed, unless the Department has a continuing business need for those records;
- all temporary (or permanent) records shall be sent to and accepted by an LM-approved NARA-compliant records storage facility;
- contractual mechanisms will be in place to ensure that LM can reimburse the site owner and/or DOE environmental remediation contractor for its costs to retrieve and reproduce any contractor-owned records that may be required by LM in the future;
- EM shall provide LM with all "finding aids" associated with Ashtabula records; and
- EM shall advise LM of any records that LM will not assume custody of on October 1, 2007 (e.g., records that EM needs to retain post-closure, for a finite period of time, for either contract close-out purposes or for settlement of any ongoing litigation).

The EM and LM Site Transition Team met at Ashtabula in April 2006, in order to further discuss components of the draft STP, LTS&M Plan and RMTP, and to discuss whether existing DOE contract mechanisms will be sufficient to complete the records disposition process for all Government-owned records that are currently in the possession of either the site owner/RMI or the DOE's environmental remediation contractor.

Further updates on Ashtabula's site transition planning efforts will be provided in OH's next quarterly report (for period ending September 30, 2006).

The following pages include Table 1 (Major Transition Milestones) and Table 2 (Programmatic Risks and Risk Handling Strategy) from the Executive Summary of the DRAFT Site Transition Plan for the Ashtabula Closure Project. Accordingly, the content of the following two tables may change, once the STP is finalized and submitted to EM-1 and LM-1 for review and approval.

Site Transition Quarterly Report
Ashtabula, Columbus, Fernald and Miamisburg Closure Projects
Period ending June 30, 2006

DRAFT Table 1. Ashtabula Closure Project (ACP) Major Transition Milestones

| Milestone | Transition Area (noted by section number) | Completion Date |
|---|--|-----------------|
| 1. LSRS submits the final Certificate of Completion to EM-OH and EM-CBC. | 2.1.2 | 10/16/2006 |
| 2. LM will assume responsibility for LSRS EEOICPA claims and establish a contract mechanism for and assume cost reimbursement of RMI EEOICPA costs. | 2.7 | 08/28/2007 |
| 3. EM-OH and EM-CBC submit the CD-4 Package for Energy Systems Acquisition Advisory Board approval. | 2.10 | 11/30/2006 |
| 4. EM completes transfer of records to LM. | 2.7 | 02/28/2007 |

DRAFT Table 2. Programmatic Risks and Risk Handling Strategy

| Risk Condition | Consequence | Risk Handling Strategy |
|---|--|---|
| <p>Availability of DOE-EM-OH and ACP resources to disposition records and transfer finding aids prior to Physical Completion is uncertain.</p> | <p>LOW: There are approximately 1,100 cubic feet of ACP project and 86 cubic feet of federal records that will require dispositioning prior to project completion. Finding aids may be insufficient to support the identification and retrieval of records in the future.</p> | <ol style="list-style-type: none"> EM-OH will transfer ACP records to the Dayton Federal Records Center prior to October 31, 2006, to support the contractor's Physical Completion schedule. Initiate a cooperative effort between LM and EM to identify/document existing finding aids. Determination of mitigation actions required will be borne out by assessment and tested before transfer. |
| <p>Inactive records held at Iron Mountain will need to be dispositioned and/or transferred to the Dayton Federal Records Center before Physical Completion.</p> | <p>LOW: There are approximately 2,400 cubic feet of inactive records held at Iron Mountain (or the Federal Records Center) that will require disposition to the Dayton Federal Records Center and custody transferred to LM prior to Physical Completion.</p> | <p>EM-OH will transfer inactive records to the Dayton Federal Records Center prior to Physical Completion.</p> |
| <p>ODH does not grant license termination.</p> | <p>MEDIUM: DOE will have to continue it's obligations to RMI based on ODH terms for denial.</p> | <p>Continuous communication.</p> |

Columbus Closure Project (CCP)

On January 19, 2006, the Site Transition Plan (STP) for the Columbus Closure Project (CCP) was approved by EM-1 and LM-1. The following pages contain Table 1 (Columbus Major Milestones) and Table 2 (Programmatic Risks and Risk Handling Strategy) from the Final STP, and a brief status statement (progress through quarterly reporting period ending June 30, 2006) on each milestone and risk.

EM and LM continue to refine the draft Records Management Transition Plan (RMTP) for the CCP, and in January 2006, the RMTP (Rev. 0 draft) was provided to the site owner (and NRC License-holder) BMI and to EM's environmental remediation contractor (Closure Services) for review and comment. The RMTP describes actions that each contractor, as well as the local DOE-CCP project office, must take before EM can successfully transfer records custodianship to LM. The EM and LM Site Transition Team is confident the RMTP will be finalized before FY06 year-end. LM assumes Budget Authority for the CCP on October 1, 2006. Therefore, one of the STP Milestones in the following table requires EM to transfer records custodianship to LM by no later than September 30, 2006. This goal will be met, in part, by EM – for just those records that have been physically transferred to a Federal Records Center (FRC) on or before the end of FY06 (i.e., LM can only be the true custodian of records that exist at the FRC). Therefore, for any Columbus records that remain in the physical custody of either BMI, Closure Services or the local DOE-CCP project office (as of 9/30/06), EM will continue to be custodian of those records until such time the records are transferred to the appropriate FRC (e.g., temporary records will go to the Dayton FRC and permanent records will go to the Chicago FRC). Obvious examples of records that will fall into this category include records that may be needed for contract close-out purposes or for settlement of any ongoing litigation.

On February 17, 2006, Closure Services declared Physical Completion (i.e., DPC). EM subsequently non-concurred on the contractor's DPC, and has identified material deficiencies that Closure Services must correct. Closure Services submitted documentation for the resolution of the material deficiencies on June 30, 2006. DOE is reviewing this documentation and expects to acknowledge that Closure Services has satisfactorily addressed the material deficiencies in July. During the last quarter of FY 2006, DOE will review the Requests for Equitable Adjustment submitted by the contractor and to complete any contract close-out activities (this does not include fee determination). BMI is expected to continue to work towards license termination. At the appropriate time, EM will also initiate contract close-out discussions with BMI. This includes resolution of several unresolved contract issues.

Table 1. Columbus Major Milestones

| Milestone | Transition Area (noted by section number) | Completion Date | Status |
|---|---|---|--|
| 1. Closure Services submits the final Certificate of Completion to EM (DOE-OH and CBC). | 2.2 | 11/21/05 ¹ | Off track: Closure Services declared physical completion on February 17, 2006. The contract target completion date is November 21, 2005. DOE non-concurred on Closure Services declaration and identified material deficiencies. On June 30, 2006, Closure Services submitted documentation demonstrating that all material deficiencies <u>have</u> been resolved. |
| 2. EM (DOE-OH and BMI) ships the TRU waste to an offsite interim staging location while awaiting final disposition at the Waste Isolation Pilot Plant (WIPP). | 2.2 | 12/21/2005 | Complete. The first TRU shipment was completed October 24, 2005 and all TRU waste was removed from the site by the 12/21/05 completion date. |
| 3. EM (DOE-OH and CBC) submits the CD-4 Package for Energy Systems Acquisition Advisory Board (ESAAB) approval. | 2.10 | Original STP Date: 09/30/2006 Revised Date as of Quarterly Report for period ending 9/30/06: 11/30/06 | On schedule. DOE-OH and -EMCBC have set a revised target date of 11/30/06 for submittal of the CD-4 Package to DOE Headquarters. |
| 4. EM completes transfer of project records to LM. | 2.7 | 09/30/2006 | On schedule. This goal should be met, at least in part, by EM – for just those records that have been physically transferred to a Federal Records Center (FRC) on or before the end of FY06. Any Columbus records that remain in the physical custody of either BMI, Closure Services or the local DOE-CCP project office (as of 9/30/06), EM will continue to be custodian of those records until such time the records are transferred to the appropriate FRC. Examples of records that will fall into this category include records that may be needed for contract close-out purposes or for settlement of any ongoing litigation. |
| 5. EM completes transfer of contract closeout records to LM. | 2.7 | Upon Contract Closeout by CBC | On schedule. |

¹ The approved baseline milestone date for this activity was November 7, 2005 but was changed to November 21, 2005 as a result of an approved Request for Equitable Adjustment (REA) via contract modification M005.

Table 2. Programmatic Risks and Risk Handling Strategy

| Risk Condition | Consequence | Risk Handling Strategy | Status |
|--|--|--|---|
| <p>An interim staging location for 37m³ of Transuranic (TRU) waste has been identified.</p> <p>EM (DOE-CBC) may not have resources to disposition records and transfer finding aids prior to physical completion.</p> | <p>HIGH: NRC will not grant Battelle a license termination if the TRU waste remains staged on-site and the current NRC license will expire on December 31, 2005.</p> <p>LOW: There are approximately 200 boxes of DOE records that will require disposition prior to project completion; however, EM staff at the CCP site has been reduced to one FTE. Finding aids may be insufficient to support the identification and retrieval of records in the future.</p> | <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> DOE-OH is evaluating both DOE (SRS) and commercial (i.e. Waste Control Specialists) interim staging alternatives for the mixed-TRU (3 m³) with the goal that the waste will be dispositioned from the CCP site prior to license expiration on December 31, 2005. <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> EM will disposition any remaining CCP records, including records from the local DOE project office (approximately 200 boxes) and BMI or CS records, if any, as soon as practicable after physical completion is achieved but in no case later than 9/30/2006. Initiate a cooperative effort between LM and EM to identify/document existing finding aids. Determination of mitigation actions required will be borne out by assessment. | <p>Complete: DOE has identified the SRS and WCS sites as approved staging locations. TRU shipments to SRS site began 10/24/05 and were completed on 12/21/05.</p> <p>On schedule. With the exception of certain microfilmed Columbus records that are at the EM Ohio Field Office in Springdale, Ohio, all CCP records have been scheduled and prepared for disposition to the appropriate FRC. EMCBC has intentionally delayed actual transfer of these records to the FRC, until such time EMCBC is satisfied that the BMI and Closure Services records have been appropriately scheduled and disposition pathways have been defined. Gaps (if any) in BMI and/or Closure Services records disposition plans will be addressed during EM contract close-out negotiations with each contractor.</p> <p>Certain records in the local DOE-CCP project office will be required for contract close-out, and will be dispositioned by EM as soon as practicable following contract close-out. Columbus records in EM's possession that are not needed for contract close-out (or for ongoing litigation, if any) purposes will be dispositioned by EM, as appropriate, no later than 9/30/06.</p> |

| Risk Condition | Consequence | Risk Handling Strategy | Status |
|---|---|--|--|
| <p>Waste disposition pathways have not been identified for all CCP waste streams.</p> | <p>HIGH: NRC will not grant Battelle a license termination if waste remains staged on-site and the current NRC license will expire on December 31, 2005. Disposition pathways for the following waste streams (listed in order from most to least difficult) need to be finalized and implemented prior to NRC license expiration:</p> <ul style="list-style-type: none"> • BMI Packaged B-25 Boxes (11 boxes currently undergoing radiography testing to determine if additional TRU inventory or Low Level Waste). • Cemented Irradiated Test Fixtures (eight 55-gallon drums) | <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> 1. DOE-OH and CS are currently evaluating both DOE (Nevada Test Site and Los Alamos National Laboratory) and commercial (Qual-X, Waste Control Specialists, Envirocare, Permatix, and Duratek Barnwell) disposal alternative options. 2. DOE-OH will monitor disposition progress via the project Monthly Performance Report and take corrective action as appropriate. 3. DOE-OH & CBC will collect cost information from commercial vendors for each waste stream by June 30, 2005 in order to support alternatives analysis and decision-making. | <p>On Schedule: This waste is scheduled to be shipped to the Nevada Test Site in late-August 2006.</p> |

Fernald Closure Project (FCP)

The Fernald Site Transition Plan (STP) contains many milestones that are based on an estimated DOE determination of "reasonableness" (of the EM Contractor's declaration of physical completion [DPC]) occurring on 4/19/06. However, the date of DPC has now been pushed out to late FY06. Accordingly, the STP milestone in this quarterly report (for period ending 6/30/06) for EM's submittal of the CD-4 Package to DOE Headquarters has been adjusted.

An example of an STP milestone that has been affected by (now) post 10/1/06 date for DOE's determination of the "reasonableness" of the EM Contractor's declaration of physical completion is the milestone date for LM to assume custodianship of all Fernald records. The Fernald site continues to make progress in dispositioning a large volume of Operating Contractor records (both "Fluor" records and "Legacy/pre-Fluor" records) currently in storage at the Fernald Records Center in Springdale, Ohio. In accordance with a commitment that DOE made several years ago to Fernald stakeholders, general descriptions of all records that are eligible for destruction are being reviewed by stakeholders before EM proceeds with actual destruction of those records (per disposal instructions in DOE records retention schedules). The stakeholders have expressed interest in having continued access to a limited number of expired temporary records (primarily videos and photos). Therefore, EM has placed all stakeholder "flagged" records in a secure location at the Fernald Records Center, and EM and LM are working together (in consult with NARA) to define a path forward for meeting this DOE commitment to provide stakeholders with continued access to expired temporary records. All photographs taken by Fluor (circa Dec. 1992 to present day) have been scheduled and are ready for transfer to the FRC, and the DOE-EMCBC is in the process of scheduling all of the "legacy" photos. In accordance with yet another DOE commitment to Fernald stakeholders, all "historical" photos (i.e., Permanent records) will be digitized and made available to the general public via the Internet. The Fluor-era "historical" photos were digitized in late-CY05, and the original photos have already been sent to the FRC. The DOE-EMCBC plans to digitize the "legacy" photos in late FY06, and immediately after transfer the original photos to the FRC. Approximately 2,500 of all photos and negatives at the Fernald Records Center are permanent records (Mission-Related-Historical) and will be digitized and placed on a publicly-available web site. These Permanent records represent approximately 2% of the total number of all photos and negatives at the Fernald Records Center. DOE-EMCBC and Fluor-Fernald continue to disposition the remaining (primarily "paper") records in storage at the Fernald Records Center. Records located in the "HUB" at the Fernald Records Center have been grouped into three sets, based on the date those records were generated. Grouping these records by date will allow for a more orderly transfer to the FRC at the appropriate time. The HUB contains employment, medical, training, radiation and chemical exposure data, and dosimetry records. These HUB records are routinely used for EEOICPA claims.

For the past several months, the EM and LM Site Transition Team has been negotiating a Memorandum of Understanding (MOU) for transition of the Records Management function (including responsibility for processing FOIA and Privacy Act requests, EEOICPA claims, and Legal Discovery requests). The draft MOU has three objectives: (1) define the EM and LM responsibilities for the "early" transfer of the EEOICPA function on 9/12/06 [where "early" means prior to the EM Contractor's declaration of physical completion]; (2) document the transfer of the Records Custodianship function to LM on 10/1/06 [including responsibility for funding all NARA costs]; and (3) define EM's responsibilities for processing FOIA and Privacy Act requests until such time the EM Contractor declares physical completion [at which time LM assumes full responsibility for these two functions]. The Site Transition Team is confident the MOU will be executed no later than the end of August 2006.

The Final STP was submitted to EM-1/LM-1 for approval on March 1, 2005 and signed on March 29, 2005. The STP identified configuration control milestones and key programmatic risks in Table 1 and Table 2, respectively. The following pages contain updates on the STP Milestones under configuration control, and the Programmatic Risks and mitigation strategies defined in the STP.

Table 1. Fernald Major Milestones

| Milestone | Completion Date | Status |
|---|--|--|
| <p>1. EM settles the Natural Resource Damage suit.</p> | <p>Original STP Date: July 1, 2005</p> <p>Revised Date (as of Quarterly Report for period ending 6/30/05): December 1, 2005</p> <p>Revised Date (as of Quarterly Report for period ending 9/30/06): June 1, 2007</p> | <p>OFF TRACK – The EMCBC and Ohio Field Office (OH) continue to work toward finding an acceptable resolution for the long standing Natural Resources Damages (NRD) Claim. DOE-FCP and DOE-OH briefed EM-3 on April 18, 2006, related to a Settlement Conference that was scheduled for May 4, 2006. On April 27, 2006, a Settlement Conference call was held between DOE-FCP, Department Of Justice, Ohio Attorney General and Ohio Environmental Protection Agency. As a result, on April 27, 2006, DOJ sent OAG a revised copy of the Natural Resources Restoration Plan and a Draft Environmental Covenant to review. On Monday, May 1, 2006, the DOJ filed a motion for summary judgment, arguing that DOE had implemented everything necessary to compensate the State of Ohio for any injury to groundwater. The May 4, 2006, Settlement Conference was modified to a Status Briefing. At the Status Briefing, the judge vacated the June 2006 trial date and encouraged the parties to settle. An additional Status Briefing was scheduled for July 25, 2006. On June 16, 2006, the OAG contacted the DOJ and indicated they would like to "restart" settlement discussions. A conference call was held between the parties on June 28, 2006 and July 25, 2006. On September 1, 2006 the OAG sent a letter to the DOJ re-iterating their requirements to settle. One of the OAG prerequisites to settle was DOE agreeing to spend \$17M to be used to acquire properties and easements to protect and restore groundwater in the Great Miami aquifer region. DOJ believes this request to be unreasonable. The judge has set another status conference for December 2006.</p> |
| <p>2. EM completes the Comprehensive Legacy Management and Institutional Controls Plan (LMICP), which also serves as the LM FCP LTS&M Plan.</p> | <p>March 31, 2006</p> | <p>ON SCHEDULE – An interim version of the LMICP was provided to the regulators on April 15, 2005. A subsequent and final version will be provided by June 30, 2006 to allow time for resolution of comments and finalization by Physical Closure. Regulatory approval of the LMICP is anticipated in August 2006.</p> |
| <p>3. EM with LM support completes the Program Budget Document for FY 2008.</p> | <p>April 15, 2006</p> | <p>COMPLETE – In December 2005, EMCBC received HQ's approval of the Program Budget Document (PBD) for the transfer of Budget Authority to LM on 10/1/06. LM initiated budget formulation activities for FY08-12 in February 2006. Project scope and supporting estimates for post closure activities were previously developed by EM in support of the FY07-11 budget formulation, and LM finalized formulation of the FY08-12 Budget.</p> |
| <p>4. EM completes transfer of records, both electronic and paper, to LM.</p> | <p>Original STP Date: April 19, 2006</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): At DPC</p> | <p>ON SCHEDULE – This STP Milestone will continue to adjust, as the EM Contractor's proposed date for DPC continues to adjust. EM and the EM Contractor continue to disposition the significant volume of inactive records at the Fernald Records Center in Springdale, Ohio. Active records that are still in EM's or the EM Contractor's possession at the time of DPC will continue to be dispositioned by EM and the EM Contractor, respectively. Once the active records have been transferred to the appropriate Federal Records Center (FRC), LM will assume custodianship of the records.</p> |

| | | |
|--|--|--|
| <p>5. LM assumes operational responsibility and completes procedures, contracts, and/or agreements and trains resources for monitoring and maintenance of the site in accordance with the LMICP.</p> | <p>Original STP Date: April 19, 2006</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): At DPC</p> | <p>ON SCHEDULE – This STP Milestone will continue to adjust, as the EM Contractor’s proposed date for DPC continues to adjust. LM continues to conduct monthly site visits to gain an understanding of requirements and collect information relating to the operation of the OSDF, CAVWWT, NRD infrastructure, etc in support of future procurement activities.</p> |
| <p>6. EM submits Final CD-4 Package for Energy Systems Acquisition Advisory Board (ESAAB) Approval.</p> | <p>Original STP Date: June 1, 2007</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): December 31, 2006</p> | <p>ON SCHEDULE – EM and LM will jointly prepare a “Punch List” of any actions (both EM and LM) that will not be completed by the time of site transition (i.e., 10/1/06), and that Punch List will accompany EM’s submittal of the CD-4 Package to DOE Headquarters. The EMCBC Planning Team is responsible for DOE O 413.3 implementation at all CBC client sites, and the Planning Team will be supporting all CD-4 activities at the Fernald site.</p> |
| <p>7. LM is prepared to accept the remaining portions of the existing regulatory agreements for LMICP and OU5.</p> | <p>Original STP Date: September 30, 2007</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): December 31, 2007</p> | <p>ON SCHEDULE – LM has been involved in the current LMICP development and OU5 activities to ensure preparedness at the time of transfer. EM’s target date for “Regulatory Completion” has been moved to the end of CY07. The target date in the STP (9/3/07) was based on the original DPC date, plus 18 months. However, as the DPC date continues to move out, the date for Regulatory Completion has had to adjust accordingly.</p> |
| <p>8. EM satisfies the Amended Consent Agreement (ACA) for OU1 through OU4.</p> | <p>Original STP Date: September 30, 2007</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): December 31, 2007</p> | <p>ON SCHEDULE – EM, USEPA, and OEPA are negotiating the schedule and logic for the final Remedial Action Reports and Preliminary Closeout Reports (PCORs) for each of the OUs that will be documented in a Closeout Report strategy fact sheet. EM’s target date for “Regulatory Completion” has been moved to the end of CY07. The target date in the STP (9/3/07) was based on the original DPC date, plus 18 months. However, as the DPC date continues to move out, the date for Regulatory Completion has had to adjust accordingly.</p> |
| <p>9. Responsibility for pensions and benefits transferred to LM.</p> | <p>Original STP Date: October 1, 2007</p> | <p>ON SCHEDULE – DOE is currently evaluating alternatives for ongoing EM responsibility at all Closure Sites, until a national contract (to be administered by LM) is in place. EMCBC has requested approval from EM-1 to transfer post-closure benefits administration to Fluor Fernald’s affiliate at the Hanford site. Fluor Fernald will continue benefits administration until EMCBC receives EM-1 approval and transfer is coordinated with DOE-RL.</p> |

| | | |
|--|--|--|
| <p>10. LM accepts active real property records/transfer.</p> | <p>Original STP Date: October 1, 2007</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): At CD-4 approval</p> | <p>ON SCHEDULE – EM Quarterly follow-up assessment was completed in March 21-25, 2005 resulting in a detailed list of activities to be completed, and organizational responsibilities for both EM and LM through site closure. Jurisdictional transfer (in a real property sense) of the Fernald site will transfer from EM to LM upon DOE Headquarters' approval of EM's Critical Decision-4 (CD-4) Package. The CD-4 Package will be approved some time after LM assumes Budget Authority for the site on 10/1/06. Upon CD-4 approval and jurisdictional transfer of the Fernald site, the LM Realty Officer will assume custodianship of all Fernald real property records.</p> |
|--|--|--|

Table 2. Fernald Programmatic Risks and Risk-Handling Strategy

| Risk Condition | Consequence | Risk-Handling Strategy | Status |
|---|---|---|--|
| <p>A disposition path for the OU4 (Silos) Waste has not been identified.</p> | <p>HIGH: Physical Completion cannot occur without removal of the silo waste from the site. If a disposal contract is not in place by the date at which FFI declares readiness on the silo's project (currently projected for March 31, 2005), the ability for FFI to declare physical completion by March 31, 2006, is in jeopardy.</p> | <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> LM subcontracts will be written to begin as early as April 19, 2006, but with flexibility in the start date. Assume operational transfer in FY 2006 but financial transfer in FY 2008 due to Regulatory Completion activities that will extend into FY 2007. This will also allow a contingency period for any slippage in the declaration of physical completion. EM (DOE-OH) and FFI partial risk mitigation/procurement strategy is in place to remove the waste (either temporarily or permanently) to an off site permitted facility. | <p>A disposition path has been established for Silos 3 waste, and waste operations and shipping continue.</p> <p>On April 28, 2005, Fluor Fernald awarded a contract to WCS of Texas for the interim storage of the treated Silo 1&2 material. The Silo 1&2 treatment facility started operations on May 19, 2005. As of May 1, 2006, Silo 1 and 2 had produced and shipped 3,784 cans to WCS for Interim Storage. Waste extraction and processing was completed February 25, 2006. Waste shipments to WCS were completed in June 2006.</p> |
| <p>Potential post-closure financial responsibilities resulting from the Natural Resource Damage (NRD) Settlement are unknown.</p> | <p>HIGH: The terms of the NRD Settlement need to be defined by the February 2005 time frame to support the budget formulation process for FY 2007 or there will be inadequate funds to implement the Settlement. Delay in finalizing the NRD Settlement beyond July 1, 2005, also impacts the ability of FFI to implement the terms of the Settlement by the March 31, 2006, Declaration of Physical Completion and to finalize the LMICP.</p> | <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> EM (DOE Ohio Field Office (DOE-OH)) will negotiate terms of the draft Settlement by February 1, 2005. (COMPLETE) EM (DOE-OH), in consultation with LM, will include a planning assumption (based on current negotiations) for the settlement costs in the FY 2007 budget formulation process. EM (DOE-OH) will finalize the Settlement by July 1, 2005, to allow for the following successor activities in the exit schedule: <ul style="list-style-type: none"> Implement terms of the Settlement via a Record of Decision (ROD) | <p>The EMCBC and Ohio Field Office (OH) continue to work toward finding an acceptable resolution for the long standing Natural Resources Damages (NRD) Claim. DOE-FCP and DOE-OH briefed EM-3 on April 18, 2006, related to a Settlement Conference that was scheduled for May 4, 2006. On April 27, 2006, a Settlement Conference call was held between DOE-FCP, Department Of Justice, Ohio Attorney General and Ohio Environmental Protection Agency. As a result, on April 27, 2006, DOJ sent OAG a revised copy of the Natural Resources Restoration Plan and a Draft Environmental Covenant to review. On Monday, May 1, 2006, the DOJ filed a motion for summary judgment, arguing that DOE had implemented everything necessary to compensate the State of Ohio for any injury to groundwater. The May 4, 2006, Settlement Conference was modified to a Status Briefing. At the Status Briefing, the judge vacated the June 2006 trial date and encouraged the parties to settle. An additional Status Briefing was scheduled for July 25, 2006. On June 16, 2006, the OAG contacted the DOJ and indicated they would like to "restart" settlement discussions. A conference call was held</p> |

| | | | |
|---|--|--|--|
| <p>The ability of LM to complete procedures, negotiate contracts and/or agreements, and train resources for monitoring and maintenance of the site by April 19, 2006, is uncertain.</p> | <p>HIGH: The date at which procurement activities and resource training activities need to begin to ensure timely completion will be before all long-term monitoring requirements have been fully established by EM.</p> | <p>modification by October 1, 2005.</p> <ul style="list-style-type: none"> Define requirements for the Statement of Work in support of LM procurement of a Site Management contractor by July 30, 2005. Provide a decision by August 1, 2005 regarding whether the trailers/warehouse will remain, whether it's on site/off site, and determine the occupants. Revise Final LMICP to include Settlement terms by January 31, 2006. | <p>between the parties on June 28, 2006 and July 25, 2006. On September 1, 2006 the OAG sent a letter to the DOJ re-iterating their requirements to settle. One of the OAG prerequisites to settle was DOE agreeing to spend \$17M to be used to acquire properties and easements to protect and restore groundwater in the Great Miami aquifer region. DOJ believes this request to be unreasonable. The judge has set another status conference for December 2006.</p> |
| <p>Active real property records do not meet DOE criteria for transfer.</p> | <p>HIGH: EM (DOE-OH) has not had a certified real estate specialist on staff. Records consist of varying individual filing systems used for several years, with a varying degree of quality. If active real property records do not meet DOE criteria for transfer, the CD-4 package will be delayed, thereby delaying LM acceptance of the site.</p> | <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> LM will begin procurement activities by July 30, 2005. EM (DOE-OH and FFI) will provide the most current information on the On-Site Disposal Facility, Converted Advanced Wastewater Treatment, NRD Settlement, etc., to support development of the Statement of Work. <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> Joint Richland (currently providing Real Estate support to DOE-OH) and LM assessment of OH records beginning in FY 2004 to identify actions to be completed for real property records to meet DOE criteria for transfer. (COMPLETE) Quarterly follow-up assessments to be conducted in FY 2005 to monitor progress and perform interim acceptance of completed portions of the records. | <p>LM continues to conduct monthly site visits to gain an understanding of requirements and collect information relating to the operation of the OSDF, CAWWT, NRD Settlement, etc. in support of future procurement activities.</p> |
| <p>Active real property records do not meet DOE criteria for transfer.</p> | <p>HIGH: EM (DOE-OH) has not had a certified real estate specialist on staff. Records consist of varying individual filing systems used for several years, with a varying degree of quality. If active real property records do not meet DOE criteria for transfer, the CD-4 package will be delayed, thereby delaying LM acceptance of the site.</p> | <p>MITIGATION PLAN:</p> <ol style="list-style-type: none"> Joint Richland (currently providing Real Estate support to DOE-OH) and LM assessment of OH records beginning in FY 2004 to identify actions to be completed for real property records to meet DOE criteria for transfer. (COMPLETE) Quarterly follow-up assessments to be conducted in FY 2005 to monitor progress and perform interim acceptance of completed portions of the records. | <p>EM Quarterly follow-up assessment was completed March 21-25, 2005, resulting in a detailed list of activities to be completed and organizational responsibilities for both EM and LM through site closure.</p> <p>Jurisdictional transfer (in a real property sense) of the Fernald site will transfer from EM to LM upon DOE Headquarters' approval of EM's Critical Decision-4 (CD-4) Package. The CD-4 Package will be approved some time after LM assumes Budget Authority for the site on 10/1/06. Upon CD-4 approval and jurisdictional transfer of the Fernald site, the LM Realty Officer will assume custodianship of all Fernald real property records.</p> |

| | | | |
|---|--|--|--|
| <p>The availability of a national contract for pensions and benefits management at physical completion is uncertain.</p> | <p>MEDIUM: The FFI contract allows for DOE direction regarding pensions and benefits; however, costs for continued management are not currently identified in the FY 2007 budget.</p> | <p>MITIGATION PLAN: 1. FFI to identify options, the date at which decisions are needed to ensure continued management, and resource needs for each option in February 2005 to support FY 2007 budget formulation. 2. EM (DOE-OH) will review the alternatives and make a decision on the path forward by April 1, 2005.</p> | <p>Options were provided by FFI in February 2005. These options are presently under consideration at DOE-HQ. Options were provided by FFI in February 2005. These options are presently under consideration at DOE-HQ. EMCBC has requested approval from EM-1 to transfer post-closure benefits administration to Fluor Fernald's affiliate at the Hanford site. Fluor Fernald will continue benefits administration until EMCBC receives EM-1 approval and transfer is coordinated with DOE-RL.</p> |
| <p>As a result of the downsizing of EM (DOE-OH) offices, availability of adequate resources to support closure activities is in question.</p> | <p>MEDIUM: Functions of the Consolidated Business Center (CBC) for closure activities are currently being defined to minimize impacts to closure sites.</p> | <p>MITIGATION PLAN: 1. EM (DOE-OH) will complete a functional analysis and gap analysis. (COMPLETE) The EM-CBC Director will concur on the FCP STP to serve as a Memorandum of Agreement/Understanding of closure services to be provided. (COMPLETE)</p> | <p>The STP identified activities to be completed by the EM-CBC. Concurrence from the EM-CBC was received prior to transmittal of the STP to HQ for signature. A detailed activity matrix including responsibilities of EM-OH, EM-CBC, Fluor Fernald, LM, and Stoller has been developed for each functional area. It is being used by the Fernald Transition team to track all activities to be completed between now and closure.</p> |
| <p>The ability for EM to achieve Regulatory Completion in FY 2007 is uncertain.</p> | <p>MEDIUM: Because the OU5 remedy will continue as a long-term response action, it is unclear how EM will close the Amended Consent Agreement and Amended Regulatory Completion during FY 2007.</p> | <p>MITIGATION PLAN: 1. EM-CBC will be staffed by closure cadre personnel that could perform Regulatory Completion beyond FY 2007. 2. EM (DOE-OH and FFI), U.S. Environmental Protection Agency (EPA), and Ohio EPA are negotiating the schedule and logic for the Remedial Action Reports for each of the OUs that will be documented in a Closeout Report Strategy Fact Sheet.</p> | <p>EM-OH, USEPA, and OEPA have negotiated the schedule and logic for the final Remedial Action Reports and Preliminary Closeout Reports (PCORs) for each of the OUs that will be documented in a Closeout Report strategy fact sheet. LM will complete the Final Close-Out Report upon attainment of cleanup goals in the aquifer restoration project (OU5) projected for the year 2025.</p> |

Miamisburg Closure Project (MCP)

The final draft Site Transition Plan (STP) for the Miamisburg Closure Project (MCP) was submitted to EM-1/LM-1 for approval on March 1, 2005 and the STP was approved on March 29, 2005. In August 2005, the Office of Environmental Management (EM) and Office of Legacy Management (LM) signed eleven (11) "turnover packages" that describe the specific scope, schedule, cost and Critical Decision-4 (CD-4) requirements to transition the post-closure functions at the MCP. The turnover packages are critical planning documents (mini-MOU's) between LM and EM that represent FY06 commitments to transition (where "transition" [i.e., programmatic transfer of the site from EM to LM] was originally scheduled to occur at the beginning of FY07). Each turnover package was reviewed and endorsed by a cross-functional team made up of members from EM, LM, EM's Contractor (CH2M Hill Mound, Inc.) and LM's Contractor (S.M. Stoller Corp.). In September 2005, EM requested that LM negotiate an EM-funded transition support task (Task Order # ST06-220) with Stoller to implement specific FY06 transition responsibilities, which include support for DOE Order 413.3 Project Closeout and Transition requirements and coverage of post-closure operations between declaration of physical completion of the cleanup contract and programmatic transfer of the site from EM to LM. At the time the STP was approved (early CY05), EM and LM were in agreement that the programmatic transfer (i.e., transfer of Budget Authority from EM to LM) would occur on October 1, 2006. However, in December 2005, EM and LM reached a new agreement that MCP's programmatic transfer should occur on October 1, 2007. The revised transition date would allow EM, in FY06-07, to complete environmental remediation projects that had been experiencing "scope creep," due to contaminated soil volumes in excess of volumes estimated in the baseline. This scope creep was directly impacting EM's ability to achieve EM Completion at the MCP, on or before the 9/30/06 target date in the STP. The revised transition date would also allow EM to complete "new scope," in FY06-07, for additional remediation activities at Operable Unit -1 (OU-1). This additional remediation was prompted by a recent Congressional Appropriation for OU-1 in the amount of \$30M. Faced with the revised transition date of October 1, 2007, EM and LM agreed that the activities and schedules in the 11 turnover packages needed to be reevaluated and adjusted to reflect additional work that LM would perform (on behalf of EM) through what remained of FY06 and all of FY07.

The scope, schedule, and cost estimates in the 11 turn-over packages serve as the MCP Transition Schedule Baseline, and all three baseline elements (scope, schedule, cost) continue to be evaluated and modified, as appropriate, during the ongoing EM/LM quarterly readiness review process. A limited amount of work scope (including Records Management and certain Information Technology [IT] applications) was identified in Mound's STP as "early transfer" candidates. The STP stated that such functions could be transferred "early" to LM (meaning, prior to LM's assumption of Budget Authority for MCP), assuming that EM provides LM with sufficient funding to accomplish that work for the duration of that early transition period. EM and LM Site Transition Team members felt that it was in DOE's best interest to transition these activities early, while the institutional knowledge (i.e., select EM Contractor personnel) still exists at the site. Unfortunately, these early transfers did not occur, as originally planned in the STP, because EM would not initiate negotiations on the EM Contractor's Request for Equitable Adjustment (REA) until DOE Headquarters approved a Baseline Change Proposal (BCP). Until REA negotiations could commence, the EM Contractor was still obligated to perform work at the MCP site (thus prohibiting that work to be performed by Stoller under Task Order # ST06-220). During the first quarter of CY06, significant progress was made in this regard, and EM entered into REA negotiations with its Contractor. These negotiations resulted in revised dates for the proposed EM-to-LM "early transfer" of various functions. The EM and LM Site Transition Coordinators met with EM and LM senior management in April 2006, in order to discuss and agree upon a path forward for finalizing the scope, schedule and cost baseline elements contained in the Stoller Task Order # ST06-220. LM and EM are now in full agreement that Stoller will perform work at MCP through the end of FY07. All parties understand that it is EM's responsibility to perform and fund this work, and Task Order # ST06-220 is EM's contractual mechanism to have this work performed by LM's Contractor (Stoller). **Significant site transition progress was accomplished at the MCP during the quarterly reporting period ending 6/30/06.** For example, on May 1, 2006, EM transferred responsibility to LM for the Records Management function and certain IT functions. EM and LM also agreed upon a schedule for the "early transfer" of various other functions during the last quarter of FY06, in anticipation that EM's Contractor would declare physical completion (DPC) before FY06 year-end. The Final STP was submitted to EM-1/LM-1 for approval on March 1, 2005 and signed on March 29, 2005. The STP identified configuration control milestones in Exhibit ES-2. The current status of these milestones is provided in the table on the following pages. Note that several STP milestones have proposed new completion dates. As previously stated, these revised milestone dates are based on EM negotiations with its Contractor in early CY06, and EM's subsequent communication of the revised milestone dates to LM. The next quarterly report (for period ending 9/30/06) will provide additional information on the status of these revised STP milestones.

Exhibit ES-2. Critical Milestones Under Configuration Control

| Milestone | Date | Status |
|---|---|---|
| STP approved by Office of Environmental Management Assistant Secretary (EM-1) and Office of Legacy Management Director (LM-1) | 3/31/05 | COMPLETE - Final STP was submitted to EM-1/LM-1 for approval on March 1, 2005 and signed on March 29, 2005. |
| Local Stakeholders Organization (LSO) established | 7/31/05 | DELAYED - City of Miamisburg has indicated that no LSO is needed for Mound. This position is subject to change. |
| EM issues Program Budget Document (PBD) to transfer FY07 budget authority to LM (including estimates for first 5 years of post-closure management). | Original STP Date: 8/1/05 Revised Date (as of Quarterly Report for period ending 3/31/06): 8/1/06 | ON TRACK - The draft FY07 budget authority PBD was cancelled when Congress granted MMCIC's request for \$30M to remediate OU-1 (since OU-1 remediation will still be in-process by EM at the end of FY06). A PBD for FY08 budget authority will be prepared by the EMCBC in the Summer of 2006. Since Budget Authority will transfer to LM on 10/1/07 (instead of 10/1/06), LM will be assuming programmatic responsibility for the site on 10/1/07 (not on 10/1/06, as originally planned in the STP). |
| Physical work completed | Original STP Date: 9/30/05 Revised Date (as of Quarterly Report for period ending 3/31/06): 9/30/06 | ON TRACK - EM entered into REA negotiations with its contractor in early CY06, and those negotiations are expected to result in a revised target date of 9/30/06 for completion of physical work. In anticipation of this, EM communicated the 9/30/06 target date to LM, and in April 2006, EM and LM began to finalize the scope, schedule and cost baseline elements (contained in Stoller Task Order # ST06-220) that LM would begin performing on behalf of EM. EM is required to provide LM with sufficient funding to perform this work through the end of FY07. |
| All Potential Release Sites (PRSS) are closed, per Core Team approval | Original STP Date: 11/30/05 Revised Date (as of Quarterly Report for period ending 3/31/06): 7/31/06 | ON TRACK - PRS 131 with B-Building slab and lines On-Scene Coordinator (OSC) Report is scheduled to be approved by the regulators by 7/31/06. |

| | | |
|--|---|---|
| DOE transmits draft Final Site Record of Decision (ROD) to regulators for approval | <p>Original STP Date: 3/30/06</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): 7/20/06</p> <p>Revised Date (as of Quarterly Report for period ending 9/30/06): 9/30/2007</p> | ON TRACK – this STP milestone cannot be met until the Parcel 6, 7 and 8 ROD is approved and the OU-1 ROD is amended upon completion of the OU-1 additional remediation. The revised date for the Final Site Rod is 9/30/2007. |
| Contractor's Declaration of "physical completion" | <p>Original STP Date: 3/30/06</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): 9/30/06</p> | ON TRACK -- This milestone is linked to the STP milestone for closure of all PRSSs. Until all PRSSs are closed, EM cannot declare Physical Completion. |

| Milestone | Date ^a | Status |
|--|---|--|
| LM receipt of final records inventory | <p>Original STP Date: 9/30/06</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): 5/1/06</p> | <p>COMPLETE-- EM negotiations with CH2M Hill Mound, Inc. in early CY06 resulted in a revised date of 5/1/06 for the contractor to cease performing all Records Management functions (including responsibility for processing EEOICPA claims and FOIA or Privacy Act requests). EM subsequently communicated the 5/1/06 date to LM, and in April 2006, both parties finalized the records management scope, schedule and cost baseline elements (contained in Stoller Task Order # ST06-220) that LM would begin performing on behalf of EM, effective 5/1/06. EM is required to provide LM with sufficient funding to perform this work through the end of FY07. On 5/1/06, LM assumed custodianship of all Mound inactive records located at a Federal Records Center (FRC). Active records that were still in EM's possession as of 5/1/06 will continue to be dispositioned by EM. Once EM transfers the active records to the appropriate FRC (or to an LM-designated storage facility), LM will assume custodianship of those records as well. Examples of active records that EM retained possession of, post-5/1/06, include records that EM needs to retain, for a finite time, in order to complete contract close-out and/or settlement of any ongoing litigation. On 5/1/06, LM also began processing all FOIA and Privacy Act records requests, all EEOICPA claims, and all other records management functions such as records requests associated with legal discoveries.</p> |
| DOE conveys final parcel to Miamisburg Mound Community Improvement Corporation (MMCIC) | <p>Original STP Date: 9/30/06</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): 9/30/07</p> | <p>ON TRACK – Final land parcel will not transfer to MMCIC until the Parcel 6/7/8 ROD and the Amendment to the OU-1 ROD are approved by the regulators.</p> |

| Milestone | Date | Status |
|---|---|---|
| CD-4 package approved by EM, LM, and DOE Office of Engineering and Construction Management (OECM) | <p>Original STP Date: 9/30/06</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): 9/30/07</p> | <p>ON TRACK -- Subsequent to EM negotiations with its Closure Contractor (CH2M Hill Mound, Inc.) in early CY06, as well as a recent Congressional Appropriation of \$30M for OU-1 remediation, EM and LM agreed that programmatic transfer of the MCP site from EM to LM would need to move from 10/1/06 to 10/1/07. Consequently, EM will continue to perform environmental remediation at the MCP site through at least part of FY07, and EM Federal staff will initiate preparation of the CD-4 package no later than mid- to late-FY07. The EM and LM Site Transition Team will jointly prepare a "Punch List" of any STP actions (both EM and LM) that will not be completed by the time of site transition (i.e., 10/1/07), and that Punch List will be included in EM's submittal of the CD-4 Package to DOE Headquarters.</p> <p>A separate CD-4 Package will be prepared by EMCBC, upon completion of the IDIQ Contract (soon to be awarded) for additional remediation in OU-1. This "OU-1" CD-4 Package will not be prepared by EMCBC until some time after FY08 begins.</p> |
| LTS&M Plan signed by LM-1 | <p>Original STP Date: 10/1/06</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): 10/1/07</p> | <p>ON TRACK -- Provided EM meets all regulatory closeout requirements, the LTS&M plan is on schedule to be finalized by LM in FY07.</p> |
| LM accepts Mound site | <p>Original STP Date: 10/1/06</p> <p>Revised Date (as of Quarterly Report for period ending 3/31/06): 10/1/07</p> | <p>ON TRACK -- Since Budget Authority for the MCP site will now transfer from EM to LM on 10/1/07 (versus 10/1/06), LM will officially "accept" the site on 10/1/07 (not on 10/1/06, as originally planned in the STP).</p> |

^aThe STP milestones are based on the CH2M Hill Mound, Inc., closure contract as of February 2005. Several STP milestone dates changed, as a result of EM negotiations with CH2M Hill in early CY06. In April 2006, EM and LM negotiated revised scope, schedule and cost baseline elements in Stoller Task Order # ST06-220. Under that task order, Stoller (on behalf of EM, and funded by EM) will perform work at MCP through the end of FY07.

Potential risks to achieving cleanup completion, their potential adverse effects on site closure, and the associated mitigation plans are described in the *MCP Risk Management Plan, Volume III, Legacy Management Transition Risks (Rev. 0, dated April 30, 2005)*. The current status of these risks is provided in the below table. (i.e., Exhibit 4-2 of the Risk Management Plan, Volume III). The below MCP programmatic risks are based on the CH2M Hill Mound, Inc., closure contract as of February 2005. EM negotiations with CH2M Hill, and subsequent EM/LM negotiations, in early CY06 resulted in revisions to scope, schedule and cost baseline elements in Stoller Task Order # ST06-220. Under that task order, Stoller (on behalf of EM, and funded by EM) will perform work at MCP through the end of FY07. Accordingly, the programmatic risks in the below table are now being statused against the revised EM-to-LM programmatic transfer date of 10/1/07. Previously, programmatic transfer was scheduled to occur on 10/1/06.

Exhibit 4-2. MCP Potential Programmatic Risks

| WBS Element/Potential Risk | Risk Priority | Mitigation Action | Status |
|---|---------------|---|---|
| 1. Program Management | | | |
| 1.1 Closeout of EM activities may be delayed if functions that were assumed to be able to be transferred to the EM CBC are unable to be transferred or are unable to be transferred in a timely manner. | High | LM and EM must work together to ensure a business closeout process is developed. | As staff are hired at the EM-CBC, integration of roles and responsibilities between OH and CBC are being established. Currently, positions have been filled at the CBC for financial management, contracts, information management, records management, real property, personal property, security, emergency management, and the pensions and benefits functional areas. |
| 1.2 Congressional appropriations may not remain at levels sufficient to implement a successful and on-time site closure and transfer. | Low | Update Closure Baseline and Transition Baseline to reflect required changes. Assess and communicate direct and indirect impacts to scope, cost, and schedule. | Current FY06 budget requests support the Closure Baseline. EM provided CH2M Hill with \$1M in additional FY06 funding to cover institutional controls for OU1. Congress appropriated an additional \$30M for the remediation of OU-1, and EM is currently working with the regulators and the stakeholders to define the scope of work for the OU-1 remediation. |
| 2. Environmental | | | |
| 2.1 There is a risk that unresolved cleanup issues could remain at the time of transfer of the site to LM (e.g., the OU-1 sanitary landfill continues to be an issue with the stakeholders and regulators). | High | EM must ensure that all cleanup issues are resolved prior to transfer. | The actions taken by the DOE for additional remediation of OU-1, as directed by Congress in the 2006 House Conference Report 109-275, page 170, are as follows: DOE has developed a Project Team (Team) consisting of resources from the Miamisburg Mound Community Improvement Corporation (MMCI), the DOE Office of Environmental Management (EM) and Ohio Field Office (OH), the U.S. Environmental Protection Agency (USEPA), and the Ohio Environmental Protection Agency (OEPA). The Team has been working diligently, since forming on December 7, 2005. As required, the Proposed Action Plan for OU-1 was provided to Congress by March 1, 2006. Bids for the work have been received and are being considered by the EMCBC. Award of the OU-1 contract is |

Exhibit 4-2. MCP Potential Programmatic Risks

| | | | |
|--|---------------|--|--|
| <p>2.2 A moderate level of uncertainty exists as to the commitment and ability of the regulators to support the delivery of the CERCLA documents per EM contractor's baseline loading.</p> | <p>Medium</p> | <p>EM and the Ohio Field Office are instituting significant management tracking and performance metrics to ensure that the Government Furnished Services (GFS/I) is delivered as expected.</p> | <p>anticipated in October 2006, with physical work scheduled to begin in late CY06. An OU-1 ROD Amendment is scheduled for sometime in FY07 to ultimately document the OU-1 remedy.</p> <p>Management tracking and performance metrics indicate the current level of regulatory commitment is supporting the Closure Baseline. Additionally, MCP completed negotiation with Ohio EPA on the CERCLA Cost Recovery Grant support for the period of performance from July 2006 to June 2007. This will ensure an adequate skill mix within Ohio EPA will be available to support the additional OU-1 remediation and finalization of all CERCLA documents. The OU-1 project team is also working with Ohio EPA on the expected scope of the OU-1 work to be accomplished in FY07 and the regulatory role/funding required for Ohio EPA regulatory support (via the CERCLA Cost Recovery Grant).</p> |
| <p>2.3 If seeps continue to show tritium (or volatile organic compounds) above the maximum contaminant levels (MCLs), the regulators may want an active remedy (e.g., digging plus access controls), as opposed to the current practice of monitoring the seeps.</p> | <p>Medium</p> | <p>Ensure effective source-term removal where applicable.</p> | <p>Contaminant levels in the groundwater seeps are trending downward. It is possible that the tritium seeps could remain above MCL, however, below DOE Action Levels. The seeps are not considered a drinking water source and thus are not governed by the Safe Drinking Water Act (SDWA) and associated MCL compliance requirements. Options for additional active remediation above and beyond the current source removal are not considered practical. Future monitoring requirements for the seeps have been drafted by DOE, and are expected to be incorporated in the ROD for Parcels 6, 7, & 8.</p> |
| <p>2.4 There may be a delay in obtaining an approved Final Site-Wide ROD before September 30, 2006. This could happen, for example, if DOE accepts completion of the EM contractor contract, but the Draft Final ROD is not ready for signature.</p> | <p>Low</p> | <p>This delay would likely not cause a delay in transfer as long as EM continues to maintain responsibility (i.e., full-time equivalents, budget) for only that aspect (i.e., Parcel 8 ROD, Environmental Summary, and U.S. EPA approval to transfer the parcel) of the MCP.</p> | <p>Regulatory approval of the Parcel 6/7/8 ROD is not required for Closure Contract completion. Instead, the draft Parcel 6/7/8 ROD will be submitted by the contractor to DOE-EM by 9/30/06 (i.e., end of FY06). Regulatory approval of the Parcel 6/7/8 ROD and the OU-1 ROD Amendment are expected prior to the end of FY 07.</p> |

Exhibit 4-2. MCP Potential Programmatic Risks

| 3. Records Management | |
|---|---|
| <p>3.1 Finding aids may be insufficient to support the identification and retrieval of records in the future that may be required to support post-closure activities.</p> | <p>High</p> <p>Initiate a cooperative effort between LM and EM to identify/document existing finding aids. Determination of mitigation actions required will be borne out by assessment.</p> <p>Early transfer of functions will minimize challenges to smooth and seamless transition.</p> |
| <p>EM negotiations with CH2M Hill Mound, Inc. in early CY06 resulted in a revised date of 5/1/06 for the contractor to cease performing all Records Management functions (including responsibility for processing EEOICPA claims and FOIA or Privacy Act requests). EM subsequently communicated the 5/1/06 date to LM, and in April 2006, both parties finalized the records management scope, schedule and cost baseline elements (contained in Stoller Task Order # ST06-220) that LM would begin performing on behalf of EM, effective 5/1/06. EM is required to provide LM with sufficient funding to perform this work through the end of FY07. On 5/1/06, LM assumed custodianship of all Mound inactive records located at a Federal Records Center (FRC). Active records that were still in EM's possession as of 5/1/06 will continue to be dispositioned by EM. Once EM transfers the active records to the appropriate FRC (or to an LM-designated storage facility), LM will assume custodianship of those records as well. Examples of active records that EM retained possession of, post-5/1/06, include records that EM needs to retain, for a finite time, in order to complete contract close-out and/or settlement of any ongoing litigation. On 5/1/06, LM also began processing all FOIA and Privacy Act records requests, all EEOICPA claims, and all other records management functions such as records requests associated with legal discoveries.</p> | <p>OH personnel, with assistance from DOE-EM's Consolidated Business Center (CBC), continue to disposition records (either via transfers to the FRC or via destruction, as appropriate). Substantive completion of this task allowed OH to decrease its footprint of leased space in December 2005. As of October 2005, virtually all DOE Mound inactive records that had been stored at the OH/Springdale location had been appropriately dispositioned. There are a limited number of Mound "active" records that remain at Springdale because those records are required by EM for contract close-out and/or ongoing litigation purposes (or for administration of the IDIQ contract [soon to be awarded by EMCBC] for additional remediation in OU-1). The EMCBC has consolidated all Mound active records at the OH office in Springdale, Ohio, and the EMCBC will be responsible for dispositioning those</p> |
| <p>3.2 EM may not inventory, archive, or disposition all of its records prior to transfer of the site because of lack of knowledgeable personnel, resources, etc.</p> | <p>Medium</p> <p>Determine resources required to disposition records in accordance with NARA guidance prior to transfer of the site.</p> <p>Early transfer of functions will minimize challenges to smooth and seamless transition</p> |

| | | | |
|--|---|--|---|
| <p>records in accordance with NARA requirements once EM no longer has a need for those records. There is no set schedule for the EMCBC to complete the disposition of these currently active Mound records.</p> | <p>By 3/31/06, all key Mound IT applications and databases needed for post-closure operations had either been migrated to existing LM systems, or moved in their original form to LM data centers in the GJO and NETL in Pittsburgh. However some already-migrated applications such as MEIMS (environmental monitoring data), MESH (personnel radiological monitoring data) and various records finding aids that are actively being used by LM will also be required for use by EM's contractor (CH2M Hill Mound, Inc.) until physical completion and (possibly) through contract close-out. CH2M Hill's continued use of these applications should cause no delays or problems with the transition of IT databases and systems, since LM's contractor (S. M. Stoller Corp.) will continue to receive monthly exports (copies) of databases that have been updated by CH2M Hill, and those exports will be used to refresh the data in LM's migrated systems.</p> | <p>The LTS&M Plan and Post-Closure Tri-Party Agreement strategy was shared with the Mound regulators at the July 2005 Core Team meeting. LM is actively collaborating with the U.S. EPA and Ohio EPA to reach an effective and efficient path forward. The current FFA meets the needs of DOE and the regulators for EM Completion and Remedy Operation.</p> | <p>The DOE and MMCIC resolved all indemnification issues in CY05, and revised indemnification language is ready for insertion in the site sales contract. DOE and MMCIC are currently negotiating the content of a revised quit claim deed for all parcels previously conveyed to the MMCIC. These negotiations include execution of a "reverse easement" that will allow DOE continued access to MMCIC-owned property for a finite time (e.g., for DOE to access DOE air monitoring stations on MMCIC-owned property). DOE already has a perpetual easement, in the quit claim deed, to continue accessing MMCIC-owned property in order to maintain and enforce the CERCLA remedy. DOE continues to work with the MMCIC on proposed future conveyance, via quit claim deed, of all remaining land parcels (i.e., Phase I parcel and Parcel 6/7/8), however, MMCIC's "acceptance" of</p> |
| <p>4. Information Management</p> <p>4.1 There may be delays in the transfer (or insufficient transfer) of relational databases (e.g., MEIMS) deemed critical for post-closure because of lack of knowledgeable personnel, resources, etc.</p> | <p>High</p> <p>Aggressively pursue accelerated transition of relational databases before site institutional knowledge is lost because of dwindling contractor personnel and resources.</p> <p>Early transfer of functions will minimize challenges to smooth and seamless transition.</p> | <p>Medium</p> <p>Although an important milestone, this is not likely to affect transfer as the current FFA meets the needs of EM for EM completion. LM will proactively pursue (with EM participation/cooperation) development and implementation of the Post-Closure Agreement.</p> | <p>High</p> <p>Aggressively pursue cooperative relationship with MMCIC to minimize likelihood of unexpected responses when DOE offers a parcel for conveyance.</p> |
| <p>5. Stakeholder and Regulator Interface</p> <p>5.1 Post-Closure Tri-Party Agreement may not be signed prior to transfer.</p> | <p>Medium</p> | <p>Medium</p> | <p>High</p> <p>6.1 MMCIC may delay acceptance of one or more of the site parcels from DOE (e.g., indemnification issue).</p> |
| <p>6. Property</p> | | | |

| | | | |
|--|---------------|--|--|
| <p>6.2 Significant resources may be required to support the upcoming real estate transactions, as well as to identify and inventory real estate records. However, there are limited personnel who are qualified to conduct real estate transactions for DOE EM and LM.</p> | <p>High</p> | <p>Solicit the support of qualified personnel from other sites (e.g., the Hanford Site) and identify lessons learned from other sites to develop more efficient processes.</p> | <p>these remaining parcels will be impacted by issues with OU-1 as well as the sanitary and storm sewer lines.</p> <p>This risk has been fully-mitigated. DOE-OH has been receiving adequate Real Estate support from the EM-CBC Realty Officer. All activities are being coordinated with the LM Realty Officer as well.</p> |
| <p>6.3 The requirements of the existing EM closure contract may not adequately address the need to preserve real estate records required for post-closure.</p> | <p>Medium</p> | <p>EM Contracting Officer proactively identifies and communicates real property records needs/requirements for post-closure to EM contractor.</p> <p>Early transfer of functions will minimize challenges to smooth and seamless transition.</p> | <p>This risk has been fully-mitigated, with a planned completion date of 9/30/06. At the time the STP was written (early CY05), the EM and LM Realty Officers established a plan of action for accomplishing the "early" (i.e., prior to LM's assumption of Budget Authority) transfer of real property records that DOE will need post-closure. EM and LM have agreed to accomplish this early transfer on 9/30/06, and for several months EM and LM have been assembling all site real property records and further segregating those records into Active versus Inactive categories. EM is responsible for positioning all Inactive real property records, including transfer of records to the appropriate Federal Records Center or (if appropriate) destruction of expired records. All Active real property records will remain at the Mound site, under the custody of the EM Realty Officer. The EM Closure Contractor (CH2M Hill Mound, Inc.) will be exiting the Mound site prior to LM's assumption of Budget Authority for the site on 10/1/07. Therefore, EM has established Task Order # ST06-220 with LM's Contractor (S.M. Stoller Corp.) to continue providing real property and records management support to EM through 10/1/07. Should EM receive approval of the CD-4 Package sometime after 10/1/07, jurisdictional transfer (in a real property sense) from EM to LM of the Mound site will not occur on 10/1/07. Jurisdictional transfer will, instead, occur upon CD-4 approval (at which time the LM Realty Officer will also assume custodianship of all Mound real property records).</p> |

7. Worker Pension and Medical

7.1 The EM contractor is required by contract to manage and administer the legacy medical and pension plans until EM completion. During a recent actuarial and legal evaluation, CH2M Hill estimated that an additional \$19.9M might be required (life cycle) beyond what is currently included in the contract because of poor performance of the stock market. As specified in the contract, the EM contractor only has partial responsibility for any shortfall up to EM completion, the extent of which depends upon whether the EM contractor meets the completion deadline of March 2006. In the past, if a shortfall occurred, it was typically addressed by shifting funds from the cleanup appropriation. If this occurs, the transition schedule would likely be adversely affected.

Pursue supplementary funding for legacy medical and pension cost growth

Medium

The EM contractor is required to follow the Contracting Officer's (CO) direction for post-closure pension & medical plans. Until/unless other alternatives are approved by DOE-HQ, the CO requires the contractor to continue to administer and maintain the qualified status of all pension and investment plans as well as medical plans. All available options are receiving heavy scrutiny by DOE-HQ to determine the most feasible and practicable precedent to initiate for an issue that goes far beyond MCP and its attendant DOE pension and medical benefits liabilities. A unified decision that satisfies EM, LM, MA and GC is required at the highest levels in DOE. EMCBC has requested approval from EM-1 to transfer post-closure benefits administration to CH2M Hill Mound's affiliate at the Hanford site. CH2M Hill Mound will continue benefits administration until EMCBC receives EM-1 approval and transfer is coordinated with DOE-RL.

8. Procurement

8.1 EM may not have contractual mechanisms in place soon enough to support key activities (e.g., maintaining the groundwater monitoring system, operating the pump and treat) during the period between physical completion (3/30/06) and turnover to LM (9/30/06).

EM may consider having contractual mechanisms in place (e.g., through Richland) or LM may provide contingency.

High

During development of the STP in early CY05, EM asked LM, and LM agreed, to implement and manage discrete work scope supporting EM transition responsibilities. EM is utilizing LM's contractor (S.M. Stoller Corp.) to support this effort under Task Order # ST06-220. EM negotiations with CH2M Hill Mound, Inc. in early CY06, and subsequent EM/LM negotiations, resulted in revised scope, schedule and cost baseline elements in the Stoller task order. Under that task order, Stoller (on behalf of EM, and funded by EM) will perform work at MCP through the end of FY07 (i.e., when LM assumes Budget Authority for the MCP site).

| | | | | |
|-----------------------------------|--|------------|--|--|
| <p>9. Project Closeout</p> | <p>9.1 The CD-4 closeout package may not be approved by the Office of Engineering and Construction Management by September 30, 2006.</p> | <p>Low</p> | <p>Work cooperatively with EM to ensure that CD-4 package is complete, is on time, and meets requirements.</p> | <p>The EM/LM site transition team identified "CD-4 Acceptance Criteria" (AKA interim CD-4 milestones) in the 11 turnover packages. Those acceptance criteria are based on <i>Site Transition Framework (STF)</i> and EM/LM <i>Terms and Conditions for Site Transition</i> requirements. Subsequent to EM negotiations with its contractor in early CY06, as well as a recent Congressional Appropriation of \$30M for OU-1 remediation, EM and LM agreed that programmatic transfer of the MCP site from EM to LM would need to move from 10/1/06 to 10/1/07. Consequently, EM will continue to perform environmental remediation at the MCP site through at least part of FY07, and EM Federal staff will initiate preparation of the CD-4 package in mid- to late-FY07. EM and LM will jointly prepare the Site Transition Plan "Punch List" of any actions (both EM and LM) that will not be completed by the time of site transition (i.e., 10/1/07), and that Punch List will be included in EM's submittal of the CD-4 Package to DOE Headquarters.</p> |
|-----------------------------------|--|------------|--|--|