



Department of Energy

Oak Ridge Office of Environmental Management
 P.O. Box 2001
 Oak Ridge, Tennessee 37831

July 3, 2014

Mr. Leo H. Sain
 President and General Manager
 URS|CH2M Hill Oak Ridge LLC
 Post Office 4699
 Oak Ridge, Tennessee 37831-4699

Dear Mr. Sain:

CONTRACT NO. DE-SC0004645, AWARD FEE DETERMINATION FOR PERIOD 05

The Department of Energy (DOE) Oak Ridge Office of Environmental Management (OREM) Award Fee Board has completed its evaluation of the URS|CH2M Oak Ridge LLC (UCOR) performance for Award Fee Period 05 from October 1, 2013, through March 31, 2014. In its deliberations, the Board considered the Award Fee Evaluation Report and your self-assessment. As the Fee Determination Official, I have determined that UCOR has earned the following award fee for this period: \$609,749 for the Project Management Incentive and \$2,609,285 for the Cost Incentive. The total award fee is \$3,219,034 against an available award fee of \$3,433,270 for Period 05. Ratings are as follows:

<u>Objective Number</u>	<u>Performance Description</u>	<u>Performance Weight</u>	<u>Available Award Fee Pool</u>	<u>Performance Score</u>	<u>Award Fee Earned</u>	<u>Adjectival Rating</u>
A.	Project Management Incentive					
A.1	Project Management & Business Systems	30%	\$205,996.20	93%	\$191,576.50	Excellent
A.2	Worker Safety & Health Management	30%	\$205,996.20	89%	\$183,336.60	Very Good
A.3	Quality Management	20%	\$137,330.80	82%	\$112,611.26	Very Good
A.4	Environmental Management	20%	\$137,330.80	89%	\$122,224.41	Very Good
B.	Cost Incentive	100%	\$2,746,616	95%	\$2,609,285	High-Confidence

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During this six-month performance rating period UCOR has done an extremely good job executing the scope under the East Tennessee Technology Park (ETTP) Contract. UCOR completed the demolition of the K-25 Building on December 19, 2013, 25 weeks ahead of schedule. The K-25 Tech Area Demolition Debris Loading and Hauling was completed on March 11, 2014. The cost savings associated with the K-25 Project's schedule acceleration has resulted in the early characterization and demolition planning for the K-31 Facility while continuing to advance the preparation for K-27 Building Demolition.

UCOR has performed 54 percent of their contract with a cumulative Schedule Performance Index of 1.04, a Cost Performance Index of 1.10, a To-Complete-Performance-Index based on the Estimate at Completion (EAC) of 1.09, and a Variance at Completion against the Performance Measurement Baseline of \$126M. Management Reserve (MR) is \$24M, which compares favorably with the \$23M risk-based calculation of MR needed to address the remaining risks in the UCOR contract at a 50 percent Confidence Level. These indicators reflect an EAC that is reasonable and a contract that is performing well against their cost and schedule plan.

UCOR exhibited excellent coordination between the Decontamination and Decommissioning (D&D) and Waste Disposition Teams, as well as Project Support organizations, resulting in the criticality incredible determinations to begin demolition of the K-25 Building Tech Area, completing demolition of the Tech Area, and completing building debris disposition within this evaluation period. This integrated approach was used to safely address technical issues, accommodate regulatory requests regarding the Environmental Management Waste Management Facility operations, and provide resources to meet accelerated schedules. Through these achievements, additional coordination was necessary to support Project Peer Reviews conducted by DOE Headquarters (HQ) and celebratory events associated with building demolition.

UCOR's Y-12 Surveillance and Maintenance (S&M) Project made good progress in the disposition of waste from the 9201-4 West Yard, including disposal of scrap metal and debris and preparation of waste forms to support packaging and off-site disposal of additional metal, wood, and debris. Other notable S&M accomplishments include the development of an integrated priority matrix to support budget decisions for S&M and operation needs not included in current or future year budgets.

UCOR provided excellent preparation and support for discussions with the Defense Nuclear Facilities Safety Board (DNFSB) representatives concerning the new dispersion analysis and meteorology calculations they developed and published for OREM. The preparations and support resulted in a very positive outcome and productive meeting with the DNFSB representatives.

CONTRACT NO. DE-SC0004645, AWARD FEE DETERMINATION FOR PERIOD 05

UCOR's Quality Assurance (QA) Program implemented a new Corrective Action Management System (CAMS) for tracking issues and associated corrective actions, and corrective actions for Occurrence Reporting and Processing System (ORPS) reports. This new system facilitates immediate field input; and issues can be entered directly into CAMS by all levels in the workforce. The QA organization also implemented a new software license compliance process and software tool that ensures that all software used by UCOR is licensed before installation; an aspect that allows compliance with software QA requirements and performance.

UCOR continues to provide strong support to the OREM Program in assuring compliance with applicable environmental requirements, and maintaining productive relationships with the Tennessee Department of Environment and Conservation and the Environmental Protection Agency. On-site operations have maintained a notable compliance record, and extensive site visits and inspections by regulatory agencies have been supported without any concerns raised.

Although UCOR made significant progress over the past six months, there are some opportunities for improvement that require attention. During this period, UCOR experienced several delays in the startup of activities to remove the Sodium Fluoride traps at the Oak Ridge National Laboratory (ORNL) Molten Salt Reactor Experiment Facility during the evaluation period. UCOR had to suspend the Management Self-Assessment in December to address issues with work packages. In January, the Contractor Readiness Assessment was stopped by UCOR due to several issues associated with procedures, equipment, and personnel training. It was concluded that this activity did not have the appropriate amount of senior management attention. UCOR took appropriate corrective actions, which resulted in start-up approval from DOE in March 2014.

The preparation of off-site transportation needs management attention across ORNL and ETTP projects. The 3026 Project failed to torque bolts on a B-25 waste box that was shipped to the Nevada National Security Site (NNSS). Upon arrival to NNSS several bolts from the waste box were missing. In addition, B-25 boxes shipped from ETTP to NNSS were not secured in accordance with the security plan.

UCOR has experienced some issues related to their Nuclear Safety Program that continue to require attention. Specifically, issues were noted with some nuclear safety basis documents being submitted with incomplete information and supporting documentation, e.g., Fire Hazard Analysis, Accident Dose Calculations, and Criticality Safety Evaluations. Additionally, issues were noted with the Criticality Safety Program concerning anomalous conditional reports (ACRs). Specifically, ACRs have not been entered into CAMS and one ACR (ACR-ET-13-0021) remained open for an extended period of time.

L. Sain

-4-

July 3, 2014

CONTRACT NO. DE-SC0004645, AWARD FEE DETERMINATION FOR PERIOD 05

Another area for improvement is closure of corrective actions. During this performance period, UCOR prematurely and/or improperly closed corrective actions for the Integrated Safety Management System Phases I/II Assessment, and the DOE Electrical Program Assessment.

And finally, experience gained with technetium contamination control from the K-25 Building D&D Project will require that lessons learned be applied to remaining on-site work at ETP. In particular, characterization of on-site sanitary sewer lines, monitoring, and as necessary, isolation of these conduits should be conducted in order to mitigate the potential for these lines to serve as a migration pathway for site-related contaminants. Enhanced planning and contamination control measures are expected to result in fewer technetium release concerns during the K-27 Demolition Project.

This Award Fee Determination provides reasonable assurance the DOE fairly executed the Performance Evaluation Management Plan for Period 05.

Please express our sincere thanks to your entire team for their continuing support of the DOE mission. If you have questions, or if we can be of any further assistance, please contact me at 576-0742, or Jay Mullis at 241-3706.

Sincerely,



Susan M. Cange
Fee Determination Official

Enclosure

See cc's list on page 5