



# Department of Energy

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

July 8, 2016

Mr. Kenneth J. Rueter  
President and Project Manager  
URS | CH2M Oak Ridge LLC  
Post Office 4699  
Oak Ridge, Tennessee 37831-4699

Dear Mr. Rueter:

## CONTRACT NUMBER DE-SC0004645, AWARD FEE DETERMINATION FOR PERIOD 09

The U.S. 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 09 from October 1, 2015, through March 31, 2016. 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: \$1,510,975 for the Project Management Incentive and \$2,072,987 for the Cost and Schedule Incentive. The total award fee is \$3,583,962 against an available award fee of \$3,826,464 for Period 09. 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.	<b>Project Management Incentive</b>					
A.1	Project Management and Business Systems	35%	\$602,668	94%	\$566,507	Excellent
A.2	Worker Safety, Health & Quality Management	40%	\$688,764	79%	\$544,124	Very Good
A.3	Environmental Management	25%	\$430,477	93%	\$400,344	Excellent
<b>Project Management Incentive Total</b>		100%	\$1,721,909	87.75%	\$1,510,975	Very Good
B.	<b>Cost and Schedule Incentive</b>	100%	\$2,104,555	98.5%	\$2,072,987	High-Confidence

During the six-month performance rating period, UCOR has continued to execute the scope under the East Tennessee Technology Park (ETTP) Contract very well. UCOR began structural demolition of the K-27 Building and is proceeding at a rate that will support OREM's Vision 2016 objective.

Through the end of the performance period, UCOR employees and its subcontractors performed over 5.5 million man-hours without a lost time injury. UCOR's Total Reportable Cases rate of 0.51 and Days Away Restricted or Transferred case rate of 0.13 for the period from October 2015 through March 2016 are significantly less than the goals of 1.00 and 0.50, respectively.

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UCOR has performed approximately 56 percent of its contract baseline with a cumulative Schedule Performance Index of 1.02, a Cost Performance Index of 1.11, and a favorable Variance at Completion against the Performance Measurement Baseline of \$157 million. These indicators continue to reflect a contract that is performing well against the cost and schedule plan, and an Estimate at Completion that is realistic and reasonable.

UCOR completed the pipe removal, process gas equipment removal, foaming activities, and transite removal of the K-27 Building ahead of schedule. K-27 Building demolition and waste disposal began ahead of schedule and actual costs are projected to be less than planned costs.

UCOR continues to work to maintain and improve its safety culture. During this performance period, UCOR established a Human Performance Improvement (HPI) Practitioners group and Mission Possible: Zero initiatives. UCOR has also taken measures to strengthen its Industrial Hygiene (IH) program.

UCOR issued a Liquid and Gaseous Waste Operations (LGWO) Engineering and Extended Life Study that provides the blueprint for LGWO upgrade initiatives to extend the life of operations by 30 years. This study included extensive information from the Technologies Alternatives Workshop that examined various treatment technologies available to right-size facilities and effectively treat LGWO Process Waste, Liquid Low-Level Waste (LLLW), and Gaseous Waste streams.

UCOR continued to provide excellent support to the Transuranic Waste Processing Center (TWPC) contractor. The timely and efficient transfer of transuranic waste removable lid canister overpacks (ROP) supports continued processing of remote-handled (RH) transuranic waste to meet Site Treatment Plan milestones. UCOR evaluated and replanned handling operations for RH transuranic waste casks to minimize handling and associated dose while supporting TWPC cask delivery plans.

UCOR continues to provide outstanding support to ongoing reindustrialization efforts for the ETTP site. Significant progress was made in support of the future transfer for the General Aviation Airport; K-1065 Complex; K-31/K-33 Area; and Former Powerhouse, Duct Island, and K-1007-P1 Pond Area. UCOR also provided proactive and effective support as ETTP closure activities were initiated during this period.

UCOR continues to manage environmental permits, compliance monitoring, and required reports in an exemplary manner. In addition, UCOR has been successful in negotiating regulatory approvals that resulted in cost reduction and/or improved operational efficiency. Some examples include the approval to demolish the K-1314-G and K-1314-H facilities under the Comprehensive Environmental Response, Compensation, and Liability Act, and eliminating need for daily soil cover for electrical condenser disposition at Industrial Landfill IV.

UCOR continued recycle initiatives that have resulted in reduced disposal volumes and cost savings. During this period, UCOR received regulatory approval to recycle 250,000 pounds of scrap metal and 8,000 pounds of reusable materials. UCOR also transferred the reusable shipping containers for compressor volutes to other sites for continued use and cost savings rather than disposal.

UCOR provided valuable support to activities with other DOE prime contractors that are a priority to OREM. Integrating with the Geotechnical Characterization of the Outfall 200 site ensured the data collected satisfied the needs of the design team. Support to the K-732 Switchyard Demolition Project through utility isolations and interface on regulatory areas helped ensure project success.

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In addition to the significant accomplishments over the past six (6) months, there are some opportunities for improvement that require continued attention. UCOR has excessively relied on DOE to address technical challenges that could impact project progress. For example, UCOR's technical Subject Matter Experts in areas such as security and waste management tended to identify barriers rather than present innovative ideas or proposals to facilitate solving challenges identified by the projects.

UCOR experienced multiple electrical safety issues during this performance period and multiple deficiencies were noted in the surveillance and inspection rigor for operations outside of the major deactivation and demolition efforts.

Job hazard analysis, work planning and control, and work execution are areas that warrant ongoing focus. Duct cutting and draining in K-631 occurred with inadequate protection of the workers and exposure monitoring for an operation that could have resulted in exposures to highly toxic chemicals; two (2) workers were sprayed with contaminated water during testing of the west side Moyno pump at Building 7966; and several operational breakdowns resulted in a breach to the Environmental Management Waste Management Facility liner system.

Continued management attention is needed for UCOR's execution of its Nuclear Safety Program. A Technical Safety Requirement violation occurred due to inadequate oversight of implementation of requirements. UCOR requested multiple due date extensions for the same documents, rescinded or superseded documents after submission to DOE for approval, and required extensive interface and support for acceptable facility safety documentation.

UCOR's lack of attention to detail led to concerns with its inspection and surveillance activities for operations outside of the major Decontamination & Demolition efforts. Walkdowns of the Molten Salt Reactor Experiment and the 6556 area found that UCOR had been improperly storing waste which in one instance generated an excess volume of LLLW which required treatment. At K-1065, six (6) Sealand containers were found to have damage that has allowed water to enter and partially fill the containers. The deficiencies with the top of the containers were not noted by UCOR during routine inspections of the area.

This Award Fee Determination provides reasonable assurance that UCOR fairly executed the Performance Evaluation Management Plan for Period 09.

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 Page 4 for cc list.

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cc w/ enclosure:

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