Department of Energy

Oak Ridge Office
P.O. Box 2001
Oak Ridge, Tennessee 37831

December 20, 2013

Mr. Leo H. Sain
President and Project Manager
URS | CH2M Oak Ridge LLC (UCOR)
Post Office Box 4699
Oak Ridge, Tennessee 37831-4699

Dear Mr. Sain:

CONTRACT NO. DE-SC0004645, AWARD FEE DETERMINATION FOR PERIOD 04

The Department of Energy (DOE) Oak Ridge Office of Environmental Management Award Fee Board has completed its evaluation of the URS/CH2M Oak Ridge LLC (UCOR) performance for award fee period 04, from April 1, 2013 through September 30, 2013. 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: $610,762 for the Project Management Incentive and $2,497,946 for the Cost Incentive. The total award fee is $3,108,708 against an available award fee of $3,431,245 for Period 04. Ratings are as follows:

Objective Number	Performance Description	Performance Weight	Available Award Fee Pool	Performance Score	Award Fee Earned	Adjectival Rating
A.	**Project Management Incentive**					
A.1	Project Management & Business Systems	25%	$171,562.25	91%	$156,121.65	Excellent
A.2	Worker Safety & Health Management	25%	$171,562.25	88%	$150,974.78	Very Good
A.3	Quality Management	25%	$171,562.25	92%	$157,837.27	Excellent
A.4	Environmental Management	25%	$171,562.25	85%	$145,827.91	Very Good
B.	**Cost Incentive**	100%	$2,744,996	91%	$2,497,946.36	High-Confidence

During this six-month performance rating period, UCOR has done a very good job executing the scope under the East Tennessee Technology Park (ETTP) contract. UCOR has performed almost 50% of their contract baseline with a cumulative Schedule Performance Index (SPI) of 1.03, a Cost Performance Index (CPI) of 1.09, a "To-Complete-Performance Index" (TCPI) based on an Estimated at Completion (EAC) of 1.06 and a positive Variance at Completion (VAC) against the performance measurement baseline of $96 million.

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These indicators have all trended positively over the evaluation period and are an improvement to the previous evaluation earlier this year. They reflect a contract that is performing well against the cost and schedule plan.

UCOR's contract and performance measurement baseline are aligned, and all contract changes were definitized within 180 days. Of particular note were the actions UCOR took during this evaluation period which reduced the environmental and cost risks at Oak Ridge, such as beginning demolition of the K-25 Tc99 Area on September 17, 2013, five months ahead of schedule; cost effectively dropping and disposing of an aging water tank that was one of the highest in the U.S.; decommissioning the Central Neutralization Facility; and making excellent progress in supporting the planned retrieval of high fissile containers from storage. In addition, during this reporting period, UCOR was proactive in helping the Department of Justice resolve open items on a claim against a contractor that has been in court for over ten years.

UCOR's Nuclear Safety Program has seen notable improvements over the performance period leading to reductions in the nuclear risk posture at the ETTP site. The ownership displayed by both UCOR's project and support organizations of the safety and health and work planning and control programs and processes has been noticeably improved, and DOE has observed an overall improvement to these programs.

UCOR's Quality Assurance (QA) Program continues to be a robust system at the site and continues to contribute to improvements and provide oversight and review of issues. Notable this period was the outreach performed with the Safety Management Program (SMP) owners and deployment of an improved Corrective Action Management System.

UCOR continues to provide strong support to the EM 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.

Over the past six months, despite all the progress UCOR has made, there are some opportunities for improvement that require UCOR's attention. During this period, the schedule for weighing the Molten Salt Reactor Experiment (MSRE) Sodium Fluoride (NaF) traps was slipped several times. The receipt of the scale required for weighing, the calibration of the scale, the development of the method to analyze the traps, and the development of the work package has continued to slip, which in turn has delayed the readiness assessment. UCOR can improve on the management of these critical MSRE actions. In addition, Decontamination and Demolition (D&D) execution of K-25 Process Gas Equipment (PGE) draining activities failed to meet management expectations. Weaknesses were identified in management oversight, radiation protection, criticality safety, nuclear safety, and conduct of operations.

Six events occurred across UCOR projects that are associated with the hoisting and rigging/fork lift program. At the Waste Disposition Project, a worker applied too much force to a lifting device. At the ETTP, two events were associated with loading drums and equipment on a fork truck, and a third event was associated with moving a trailer that ran into a low-voltage communication line. At the Liquid Gaseous Waste Operation, two other events occurred during the lifting of drums containing low-level radioactive waste where the containers were dropped and inadvertently crushed. UCOR is addressing these events with the appointment of a subject matter expert and a working group.

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While UCOR has taken a number of corrective actions over the past several months, the UCOR FY13 Days Away, Restricted or Transferred (DART) rate did not meet the Performance Objectives, Measure, and Commitments (POMC) goal of 0.33.

This Award Fee Determination provides reasonable assurance that DOE fairly executed the Performance Evaluation Management Plan for Period 04.

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 Jim Kopotic at 576-9441.

Sincerely,

Mark Whitney
Fee Determination Official

Enclosure

cc w/enclosure:
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