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April 9, 1997

40-861

C. Russell H. Shearer
Environmental Counsel
United States Department of Energy
Savannah River Operations Office
P.O. Box A
Aiken, South Carolina 29802

Re: Former Horizons, Inc. Site/Lamotite, Inc. Site at 2909 East 79th Street, Cleveland, OH

Dear Russell:

In order to expedite matters in connection with the East 79th Street site, I thought it would be useful for me to briefly identify (and hopefully resolve) any remaining open issues between the Department of Energy and Horizons, Inc. in connection with the site investigation stage relating to this site. When we left off on these matters, you had generally found our proposal to investigate the site to determine the total cost of remediation to be acceptable. However, you had three issues that needed resolution. With this letter, I would like to respond to those issues so that we can immediately move forward.

1. You raised concerns regarding additional site characterization we had proposed with a tentative estimated cost of \$23,864. While you are correct that the site has already been the subject of other investigations by other parties, according to our consultant, B. Koh and Associates, Inc., there is still substantial uncertainty as to the amount of contaminated soil which will require appropriate disposal off-site as low level radioactive waste. The last investigation of this site was conducted by Fluor Daniel on behalf of the current site owner, Lamotite, Inc. (now known as Rexam Performance Products, Inc.), in February of 1994. No other work or investigation has been carried out since that date. Prior to that investigation, the Department of Energy, through the Oak Ridge National Laboratory, conducted a "Radiological Survey" in February 1979. B. Koh and Associates believe that these reports identify two areas of the facility that may require additional investigation. Fluor Daniel identified soil contamination associated with the floor drain in Building B. Oak Ridge identified contamination beneath the old storage room in Building C. Neither the Fluor Daniel or Oak Ridge reports indicate the extent of this soil contamination.

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Identification of this amount of soil is critical to the final determination of remediation costs at the site.

Considering the high cost of off-site disposal of low level radioactive waste and the limited locations to which such wastes can be taken (currently only the Envirocare site in Utah), it is essential that we accurately identify how much of these soils will require excavation, removal and disposal. As a result, the existing characterizations will require careful review and analysis and additional subsurface samples will need to be taken and analyzed to delineate the extent of the contamination beneath Building B and the old storage room of Building C.

2. You also have indicated that we have not provided to you a schedule documenting the hourly rates for B. Koh and Associates, Inc., our proposed environmental contractor. Attached as Exhibit "A" is such a schedule. B. Koh and Associates inform me that these rates are consistent with rates already approved by DOE in connection with a project for the Westinghouse Savannah River Company, Contract No. AA891085.
3. Finally, you have raised a question with respect to the contingency reserve we have proposed. Initially we had proposed a contingency reserve of \$25,000. This amount would have been 17.5% of the previous proposed total job cost for investigating the site of \$143,974. After discussions with B. Koh and Associates, we are able to reduce the amount of the contingency reserve by 52% to \$11,897, reducing the proposed total job cost to \$130,871. Therefore, the contingency reserve now represents only 9% of the total proposed job cost, which is lower than the 10% contingency reserve the Department of Energy has normally found in connection with projects like this. I have attached for your review a revised cost estimate including the revised contingency amount at Exhibit "B." One note, in connection with the Access Agreement Horizons was required to execute with Lamotite, Lamotite insisted that Horizons' contractor maintain liability insurance relating to their activities at the site in the aggregate amount of \$10 million dollars. This amount of insurance is far greater than the amount environmental consultants routinely carry for their activities. As a result, the consultant may be required to increase its fees to compensate for increased insurance costs.

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I would like to immediately authorize commencement of the site investigation work. However, prior to doing so, I need you to indicate in writing that the Department of Energy will reimburse Horizons, Inc. for costs incurred to conduct the proposed site investigation and preparation of a plan of remediation, provided such costs meet the terms of the cost estimate we have already provided to you. Costs in excess of such estimate would not be incurred without prior approval from the Department of Energy. Once we have completed the site investigation and developed the plan for remediation, as we discussed, we expect to move forward with this second stage of the project, completing the site remediation and closing out all issues with the Department of Energy and the Nuclear Regulatory Commission.

I appreciate all of your patience and work on this project and I look forward to working with you on it.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP


Kevin D. Margolis

/maf

attachment

cc: Mr. Herbert Wainer - Horizons, Inc.
Mr. John T. Buckley - NRC ✓
Mr. Wes Painter - DOE
Mr. Stephen J. Petrus, Jr. - Rexam Performance Products, Inc. (fka Lamotite, Inc.)
Mr. James M. Friedman - BFCA
Mr. Barry Koh, PhD - B. Koh & Associates, Inc.

cc: NRC - Document Control Desk
NRC - William G. Snell

EXHIBIT "A"

B.KOH & ASSOCIATES, INC.

Hourly Billing Rates

Project Director	\$140
Project Manager	\$125
Senior Radiological Engineer	\$90
Senior Hydrogeologist	\$70
Health Physics Supervisor	\$58 - \$75 OT
Health Physics Technician	\$42- \$58 OT
Laborer	\$26 - \$37 OT

Hourly rates include overhead expenses such as office rental, secretarial, telephone, photocopying and regular postage expenses. Direct expenses reasonably incurred in the performance of the work, including, without limitation, expenses of travel, courier and Express Mail, facsimile transmittal, and subcontracts will be billed at cost plus 5%.

EXHIBIT "B"

Project Management	\$9,060
Site Characterization Plan	\$24,325
Site Characterization	\$23,864
Site Remediation Plan/Cost Estimate	\$33,475
Subcontractors and Expenses	\$28,250
Contingency	<u>\$11,897</u>
Total	\$130,871