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Summary of Action Items and Discussions December 12, 2006 Eastern Kentucky University Richmond, Kentucky

September 12, 2006, Chemical Destruction Community Advisory Board (CDCAB) Meeting Synopsis

The December 12, 2006, CDCAB meeting was designed to provide an update on the following:

- Assembled Chemical Weapons Alternatives (ACWA) Program Funding
- Blue Grass Chemical Agent-Destruction Pilot Plant (BGCAPP) Site Year-end Review
- BGCAPP Construction Progress
- Research, Development and Demonstration (RD&D) Revised Permit Application
- Blue Grass Chemical Activity (BGCA) Repalletization and Rewarehousing
- CDCAB Comments on Schedule and Funding

Meeting Summary Structure

This meeting summary is not intended to be a verbatim record of conversations, but instead is meant to provide an overview of the discussions and next steps committed to by the government and various members of the CDCAB. Key action items identified in the meeting and a synopsis of the major questions and comments discussed during the various updates are noted below. Copies of slides and handouts presented during the meeting can be obtained from the Blue Grass Chemical Stockpile Outreach Office at 1000 Commercial Drive, Suite 2, Richmond, KY, by calling 859-626-8944 or e-mailing bgoutreach@bah.com.

Action Items

Action Item: Provide an estimate of the construction schedule if off site shipment of hydrolysate were to be selected.

Responsible Entity: Bill Pehlivanian

Timeline: March 13, 2007 CDCAB meeting.

Action Item: Coordinate a meeting of the Secondary Waste Working Group (SWWG) to review the Mitretek, Lean Six Sigma and Government Accountability Office (GAO) reports.

Responsible Entity: Craig Williams

Timeline: Meet prior to the March 13 CDCAB meeting.

Action Item: Distribute a signed letter from CDCAB members to Deputy Secretary of Defense Gordon England.

Responsible Entity: Craig Williams

Timeline: Draft letter to be reviewed by CDCAB members by December 22, 2006.

Outline of Key Issues and Discussions

Welcome and Introductions – Rebecca Toy, Community Outreach Specialist, Blue Grass Chemical Stockpile Outreach Office

Toy welcomed the attendees and reviewed the meeting agenda. She stated that the Citizens' Advisory Commission (CAC) meeting would follow the CDCAB meeting.

Toy noted that the Blue Grass Army Depot (BGAD) and Bechtel Parsons Blue Grass (BPBG) would hold a public meeting on the revised RD&D permit application at 7 p.m. on Dec. 12.

Opening Remarks – Craig Williams and Kent Clark, CDCAB Co-Chairs

Williams opened the meeting by thanking meeting attendees for their participation. He introduced Howard Baker as a new member of the CDCAB. Baker replaces George Wyatt. Williams acknowledged Wyatt's past contributions to the CDCAB. Clark also thanked the CDCAB members and the public for their attendance.

Key Updates

Slides of this presentation are available by contacting the Blue Grass Chemical Stockpile Outreach Office at 859-626-8944 or bgoutreach@bah.com.

Funding Update – Bill Pehlivanian, Deputy Program Manager, Assembled Chemical Weapons Alternatives (ACWA)

Bill Pehlivanian recapped the program's current funding status. He mentioned that at the Sept. 12 CDCAB meeting, Program Manager Mike Parker indicated the Defense Acquisition Board was planning to fund the program, but at a restrained figure of approximately \$150 million per year at Blue Grass and Pueblo.

Pehlivanian stated that the project is affordable on an annual basis; however, the construction, testing and operating times would be stretched out, thus taking longer to destroy the stockpile and resulting in greater total program costs. He said he expects program costs to be re-certified in 2007. According to Pehlivanian, funded design and construction efforts will not be affected.

Pehlivanian discussed the changes in funding that occurred since the September 12 CDCAB meeting, including the Congressional notification of a Nunn-McCurdy breach by the Department of Defense (DoD) on October 6. DoD provided Congress on November 14 with a Selected Acquisition Report (SAR) that acknowledged the Nunn-McCurdy breach. SARs summarize the performance status and the latest cost and schedule estimates for major defense acquisition programs.

Pehlivanian also provided background on Nunn-McCurdy. ACWA developed a revised life cycle cost estimate for the Defense Acquisition Board, based on redesigns. As a result, a Nunn-McCurdy breach was identified. A Nunn-McCurdy certified breach occurs when the program's estimated costs rise 25 percent or more above the approved baseline.

Pehlivanian went on to discuss potential cost savings initiatives, including off-site shipment of hydrolysate. He recommended developing a process for possible expanded public involvement and dialogue at a national level and to identify issues that the Blue Grass community considers "unworkable."

The topic of off-site shipment of hydrolysate generated multiple questions and comments from the CDCAB, including inquiries regarding the public involvement process for off-site shipment of hydrolysate; the need for more scientific and factual information to be presented to CDCAB members; and a reference to the withdrawal of the RD&D permit if off-site shipment is selected. CDCAB members have previously made recommendations on off-site shipment. Before making their third recommendation, they would like more information about the recipient site.

Rev. Robert Blythe commented that the CDCAB and the community would have many questions and would require much information. The education process is crucial in maintaining community trust. Blythe also asked that any further discussion of off-site shipment of hydrolysate include detailed information on the difference between shipping the agent versus shipping the hydrolysate.

Carl Richards questioned Pehlivanian on the Mitretek report. Richards expected a written report from Mitretek. Pehlivanian indicated that the release of the Mitretek

report is expected by mid-January. He also explained that another internal effort, a statistical analysis process referred to as the Lean Six Sigma report, will be released during the same timeframe. Both reports may suggest off site shipment of hydrolysate is not the best method.

Williams stated that the CDCAB has already made recommendations on off-site shipment and inquired why the discussion was related to funding. Williams also noted that the Environmental and Public Protection Cabinet, formerly known as the Kentucky Natural Resources and Environmental Protection Cabinet, has indicated that the RD&D permit would be eliminated and a Permit B would be required. The requirement to obtain a Permit B would remove any cost savings associated with off-site shipment. Williams went on to say that he found it difficult to believe that any funds would be saved. He recommended that the Secondary Waste Working Group meet after the Mitretek and GAO reports are issued to provide the BGCAPP with a final recommendation on off-site shipment. Pehlivanian responded to Craig's comments indicating that schedule and cost are not final until the honorable Kenneth Kreig, Defense Acquisition Board chairman, sends it to the Congress in February 2007. He also reiterated that the schedule and costs are still estimates – things can change during the Nunn-McCurdy process.

BGCAPP Site Update – Jim Fritsche, Site Project Manager

Jim Fritsche provided a BGCAPP year-end review. During winter 2006, contractors cleared land from the Kentucky State Highway 52 to the future site of the pilot plant, and the Blue Grass Army Depot's Clothing and Equipment building became operational.

Fritsche mentioned that the spring months were a busy time for the project. The access road and earthworks subcontract was awarded to the Allen Company, and grading of the access road began. The Peak Particle Velocity tests were completed, and the Kentucky Pollution Discharge and Elimination System Permit was granted. Mitretek Systems Assessment sessions were held, and the CDCAB established the Economic Development Working Group.

During the summer months, excavation of soil at the future site of the munitions demilitarization building began, a temporary stream crossing permit was granted and the Blue Grass Chemical Activity (BGCA) welcomed its new commander, Lt. Col. Tom Closs.

Fritsche also recapped the fall activity. He mentioned that the BGAD and BPBG submitted a revised RD&D permit application. The fencing contract was awarded to Blue Grass Construction, the Groundbreaking Open House was held and asphalt was placed on the access road. Looking ahead for 2007, Fritsche stated that Phase II construction will continue with work on the access control building and canopy.

There were no questions for Fritsche from the CDCAB members or the public.

Systems Contractor Update – Joe Nemec, Operations Manager for Chemical Demilitarization, Bechtel National, Inc.

Nemec emphasized that safety is the project's priority. The project, from its inception to today, December 12, has had 1,235 days and 1,614,882 hours with zero lost time accidents. Nemec also mentioned that during this time there were three OSHA recordable injuries and two first aid cases.

Nemec discussed the total contract awards as of November 30. Awards totaled over \$17 million. Ninety-seven percent of the contract awards went to Kentucky. He also indicated that near-term contract opportunities would be approximately \$18 million.

Nemec described current work in progress. The access road and earthwork is currently 71 percent complete, and perimeter fencing began in November with 18 percent of the work completed. He stated that the first concrete pour for the main plant is scheduled to start in September 2007.

There were no questions for Nemec from the CDCAB members or the public.

Research, Development and Demonstration Permit Revision Overview – Tom Kurkijy, Environmental Manager, Bechtel Parsons Blue Grass

Kurkijy began with a brief background of the permitting process. The Kentucky Department for Environmental Protection issued the RD&D permit on September 30, 2005. Design Considerations (DC) were presented to the CDCAB Design Consideration Working Group during the spring and summer months of 2005. The revised RD&D permit application includes the incorporation of DC#25, reducing the size of the munitions demilitarization building and relocating some buildings outside the chemical limited area; DC#43, the addition of the rocket cutting machine, modification of the rocket shear machine to process rocket warheads without shipping and firing tubes; and the deletion of heated discharge conveyors from the design.

Kurkijy also mentioned that if the energetic batch hydrolyzer solids are not adequately decontaminated, they will be processed in the metal parts treatment process, then shipped off site for disposal. Additional permit changes include the treatment of non-contaminated rocket motors. This treatment will be performed at another BGAD location or shipped to an off-site treatment facility. A modification of the off-gas treatment systems will include the elimination of the catalytic oxidizer and replaced with the bulk oxidizer.

Kurkijy discussed the deletion of the dunnage shredding and handling system (DC#35). DC#35 includes a discussion as to how secondary waste will be decontaminated and

shipped off site for disposal, treated in the metal parts treatment or shipped off site for further treatment such as contaminated carbon. He mentioned the brine reduction system (DC#7) would be deleted; however, more than 70 percent of the water used will be recycled. The remaining concentrated brine solution will be shipped off site for disposal. It is possible that the brine solution may be delisted as a hazardous waste, but the delisting is not included in this permit revision.

Kurkky mentioned a number of other changes. Part A revision speaks to the processing rates and storage capabilities; BPBG revised the key personnel forms; process flow diagrams and material and energy balances have been updated; and the use of validated process controls and statistical testing in lieu of analyses for release of agent hydrolysate from the munitions demilitarization building

Kurkky emphasized that the BGCAPP design basis has not changed. The design does include neutralization followed by supercritical water oxidation.

Bob Miller asked if the extension of the project completion would change the permitting process. Kurkky stated that other permitting activities may have to be submitted.

Robert Bagby asked how the non-contaminated rocket motors and energetic batch hydrolyzer solids will be shipped off site. Kurkky stated that they would be shipped off site by either tank truck or containers.

Richards asked if Kurkky would cover the design considerations in more detail, specifically DC#35. Kurkky indicated that he would go into much more detail in the RD&D permit application public meeting, scheduled for 7 p.m. on December 12.

Blue Grass Chemical Activity Update on Repalletization and Reworking – Lt. Col. Tom Closs, Blue Grass Chemical Activity

Lt. Col. Tom Closs discussed the recent repalletization and reworking project at the BGCA. A detailed study and risk analysis was developed prior to replacing the pallets. Before the project was started, a comprehensive work plan was submitted to, and approved by, the Commonwealth of Kentucky. Because many of the munitions had not been moved in decades, safety for the community and the chemical workers was the first consideration.

Closs stated that due to the amount of work to be done, the project took several months and involved additional support from toxic chemical workers from other storage sites in the United States. The entire project was conducted in a very deliberate and cautious manner. Filter units were applied to the igloo vents. Crews were specially trained. Local and state emergency response managers were kept informed and involved daily. Special medical, quality assurance and response measures were also put

in place and weather conditions were continually monitored to minimize the risk of an accident or incident.

He went on to say that ultimately, 227 pallets in 20 igloos had to be replaced. The operation was completed in two phases and involved more than 3,000 rockets and projectiles. All repalletization work was done inside the igloos. To reach a deteriorating pallet often meant moving hundreds of munitions, and of course, moving those same hundreds back into position when the pallet was replaced. This was an extremely arduous task, but absolutely necessary to ensure the continued safety of the workers and the community.

Closs indicated that BGCA will continue to evaluate the condition of the wooden pallets in the future and, in partnership with local leaders and the Commonwealth of Kentucky, will take action when necessary. In the meantime, BGCA improved water runoff ditches around the exterior of the igloos, cleaned out, and in some cases, rebuilt the storm drainage for the chemical stockpile storage area itself. In addition, BGCA covered some igloos with rubberized tarps to protect them from the elements.

Bob Miller asked Closs what storage issues the community should be concerned about with the new schedule. Closs stated that he was always looking towards the future to ensure safety and security is the top priority. Miller went on to ask Closs what his major concerns were. Closs stated that in the future he does not want to have to move the weapons again; however, over time, BGCA will continue to monitor the stockpile.

Jeanne Hibberd asked what, if any, additional costs would be incurred if repalletization had to be done again before the stockpile was destroyed. Closs did not put a specific dollar amount or schedule for any additional repalletization. Closs did mention that more repalletization was completed that was originally scheduled.

BGCAPP Funding and Schedule: Rhetoric Versus Reality – Craig Williams, CDCAB co-chair

Craig Williams provided a history of the BGCAPP. Williams indicated permitting at the incineration sites took over seven years. The BGCAPP RD&D permit was completed in only 20 months.

Williams commented that recent statements from the DoD on project savings are not valid. Williams mentioned that he understood it was not ACWA, but the Pentagon's fault that funding for the BGCAPP will be reduced.

Williams went on to read from the John Warner National Defense Authorization and stated that the Congress had been on the same page as ACWA, but then everything changed. He pointed out that Jean Reed, Special Assistant to the Secretary of Defense

for Chemical and Biological Defense and Chemical Demilitarization Programs, reported to the Congress on the ACWA SAR indicating the revised cost estimate would increase from \$4.16 billion to \$7.97 billion and submitted revised schedules for both Blue Grass and Pueblo sites.

Williams stated that the extended schedule will put the BGCA and BGAD workers, as well as the community, at risk. Sen. Mitch McConnell and the entire Kentucky delegation are all in agreement that this new schedule is unacceptable. Williams requested that everyone in the room should speak to the Kentucky congressional staff. Williams proposed and the CDCAB agreed that the distribution of a signed letter from CDCAB members to Deputy Secretary of Defense Gordon England would be the first step in protesting this schedule change.

Jeanne Hibberd stated that the letter to England needs to address the fact that the time of operations has tripled and that will increase the risk of potential accidents. Miller stated the short-term gain versus the long-term costs must be addressed.

Next CDCAB Meeting

The next CDCAB meeting is scheduled for March 13, 2007, at the Eastern Kentucky University's Carl D. Perkins Building, Quads A and B.

Closing Remarks – Craig Williams, Co-Chair

Williams again thanked the CDCAB for their work and support.