

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Ford Nuclear Reactor
Decommissioning Project

Action Requested: Approval to Proceed with Project

Background:

On July 3, 2003, the Ford Nuclear Reactor (FNR) ceased active operations as planned in order to better align our long-term facility expenses and research needs in this area.

In October 2000, the decision was made to explore decommissioning of the FNR, and the direction was solidified over time as budgets continued to be reduced. Prior to discontinuing operations, Vice President Ulaby held discussions with faculty and staff, unit chairs and directors, and with the deans of the schools whose faculty utilized reactor services to evaluate the importance of the FNR for research activities. Vice President Ulaby led efforts to secure external funding for reactor operations, and examined the impact of decommissioning the reactor on university research programs. External funding for continued operations fell short of the amount required and warranted by the research needs.

Vice President Ulaby formed a committee charged with oversight of the decommissioning project. The committee has guided the process through the series of steps specified by the United States Nuclear Regulatory Commission (NRC) for reactor decommissioning. The NRC has detailed regulations requiring the removal or reduction of radioactivity to a level that will allow termination of the NRC license. The required historical and characterization site assessment reports have been prepared for the decommissioning plan. Concurrently, work has progressed to assure the facility is maintained in a safe and secure mode during the decommissioning operation until the NRC license can be terminated. All fuel has been removed and returned to the appropriate US Department of Energy facility. Research activities requiring the use of reactor-produced radiation have been shifted to alternative sources not related to the Ford Nuclear Reactor.

The decommissioning project will include the deconstruction of parts of the facility, removal of the reactor core structure, and decontamination or removal of all associated mechanical and structural systems that exhibit radioactivity levels exceeding NRC thresholds. We anticipate the adjacent Phoenix Memorial Laboratory Building will be impacted during some phases of the decommissioning; however, it will remain operational.

APPROVED BY THE REGENTS ON
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Some parking spaces will be impacted during the project; however, there will be no permanent impact on parking from this project.


The estimated cost of the project is \$9,800,000. The estimate contains contingency funds for unforeseen activities required by the NRC, such as the need to mitigate unknown contamination identified after the deconstruction work is underway and the potential cost escalation of future radioactive waste disposal. Funding for the project will be provided from investment proceeds. A team from the Office of the Vice President for Research, Occupational Safety & Environmental Health, and Plant Extension – Architecture, Engineering and Construction will be assigned to oversee the project. The consulting firm of CH2M Hill is designing the decommissioning plan for the project.

We anticipate submitting a complete decommissioning plan to the NRC in Spring 2004. The NRC review and approval process will likely take six to twelve months to complete. The implementation phase of the project including deconstruction is anticipated to take another eighteen months. Therefore, NRC approval and release of the site for unrestricted use could occur in 2006. After decommissioning has been completed, there will be an annual reduction in General Fund operating expenses in excess of \$1 million.

After the project has been completed and approved by the NRC, approximately 11,000 net square feet of space will be available for use. We will return in the future with an Action Request to address the subsequent renovation and future use of the Ford Nuclear Reactor and Phoenix Memorial Laboratory Buildings.

We recommend that the Regents approve the Ford Nuclear Reactor Decommissioning Project as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Timothy R. Slottow
Executive Vice President and
Chief Financial Officer

February 2004