

December 22, 2003

Edgar D. Bailey, C.H.P., Chief
Radiologic Health Branch
California Department of Health Services
P.O. Box 997414, MS 7610
Sacramento, CA 95899-7414

Dear Mr. Bailey:

This letter is to inform you of the status of the U.S. Nuclear Regulatory Commission (NRC) formerly licensed sites grant program. The grant program was established in January 2001 with a total funding of \$3.3M to support Agreement States in closing outstanding NRC formerly licensed sites (former sites). The Office of State and Tribal Programs (STP) Procedure SA-1000, *Implementation of the Grant Program for Funding Assistance for Formerly Licensed Sites in Agreement States*, was provided to the Agreement States by letter (STP-01-005) on January 26, 2001.

Since early 2001, NRC staff has reviewed and awarded grants to six Agreement States (Arizona, California, Colorado, Massachusetts, New York and Texas) for file reviews and initial surveys. Among them, four (Arizona, Colorado, Massachusetts and Texas) have completed their grant projects. Currently, four out of a total of 140 former sites have been identified as contaminated under the grant program. Three of these sites are located in California (Providencia site and Bakery site at Burbank, CA, and MagThor site at Compton, CA).

The grant program was originally expected to be completed by the end of September 2002. However, at that time, most of the former sites were in the early stages of being reviewed by the Agreement State grant recipients. To provide effective use of the existing funds, the grant program was extended to the end of September 2004.

To date, a total of \$0.42M has been awarded to the six grant recipients; the remaining funding available for the grant program is \$2.88M. The remaining funding is expected to be used for site characterization, site remediation or regulatory oversight of existing or newly identified contaminated sites which qualify for funding assistance under the grant program. NRC staff does not intend to extend the grant program beyond the end of September 2004, or request additional funding for the grant program. NRC staff will follow the completion of the grants issued prior to the end of September 2004. After that time, remaining unused funds under the grant program will be released for other uses.

My staff has discussed timing of the grant program and the next phase for the three contaminated sites with your staff in the past. The next phase for the contaminated sites would involve California submitting a regulatory oversight proposal for NRC review. The proposal would need to include information on cost estimates of each site in accordance with the STP Procedure SA-1000. We are prepared to respond to any questions or provide assistance to help expedite the review process.

Edgar D. Bailey

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Please note that with the September 2004 grant closeout date, any request for funding assistance for site characterization, site remediation or regulatory oversight of contaminated sites under the grant program would need to be processed and awarded before September 30, 2004. We would estimate that review and approval of a regulatory oversight grant request could take up to four months depending on the complexity and completeness of the submittal.

If you have any questions regarding the correspondence, please contact me at (301) 415-3340 or Kevin Hsueh at (301) 415-2598.

Sincerely,

/RA/

Paul H. Lohaus, Director
Office of State and Tribal Programs

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