

October 12, 2005

Mr. Howard Pulsifer
Vice President, General Counsel
and Secretary
AAR Corporation
1111 Nicholas Boulevard
Elk Grove Village, IL 60007

SUBJECT: NRC INSPECTION REPORT 040-00235/05-001(DNMS) -
AAR CORPORATION, THE FORMER BROOKS AND PERKINS, INC.

Dear Mr. Pulsifer:

On September 21, 2005, the NRC completed an inspection at the AAR facility at 12633 Inkster Road, Livonia, Michigan. The inspection examined your activities as they relate to radiation safety and compliance with the Commission's rules and regulations and commitments contained in your submittals to the NRC. Within these areas, the inspection consisted of discussions with your staff and a tour of your facility. At the conclusion of the inspection, the NRC inspector discussed the findings with members of your staff.

No violations of NRC requirements were identified during the course of this inspection.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). The NRC's document system is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

We will gladly discuss any questions you have concerning this inspection.

Sincerely,

/RA/

Jamnes L. Cameron, Chief
Decommissioning Branch

Docket No. 04000235
License No. STB-00362

cc: D. Minnaar, Chief, Michigan Department
of Environmental Quality

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APPENDIX A

**MATERIALS DECOMMISSIONING INSPECTION FIELD NOTES
FOR FACILITIES NEEDING SIGNIFICANT DECOMMISSIONING EFFORT**

Region III

Inspection Report No. 2005-001 License No. STB-00362 Docket No. 04000235 (Terminated)
Licensee (Name & Address)
AAR Cargo Systems Licensee Contact: Mr. J. Monroe
Livonia, MI
Telephone No. 734-466-8242
Last Amendment No. none
Date of Amendment: none
Program Code: none
Date of Last Inspection: 9/10/02
Date of This Inspection: 9/21/05
Date of Next Inspection: 9/30/07

Type of Inspection: (x) Announced () Unannounced
(X) Routine () Special
() Initial Decomm. () Reinspection of Decomm.
Level of Inspection: (x) Normal () Reduced () Extended

Brief Description of Inspection Activities:
NRC inspectors toured the facility interior and outside land areas.
AAR has not done any decommissioning work this year.

Brief Description of Findings and Action: No findings.

Summary of Findings and Action:

(X) No violations cited, clear NRC Form 591 or regional letter issued
() Violation(s), clear NRC Form 591 issued
() Violation(s), regional letter issued
() Followup on previous violations

Inspector: _____/RA/_____ Date 10/11/05 _____
Peter J. Lee, Ph.D., CHP, Health Physicist

Approved: _____/RA/_____ Date 10/12/05 _____
Jamnes L. Cameron, Chief, Decommissioning Branch

1. SUMMARY OF DECOMMISSIONING STATUS

- A. Licensee ceased operational program. (x) Y () N
- B. Required decommissioning financial assurance mechanisms in place. () Y (X) N
- C. Decommissioning Plan (DP) required. (x) Y () N
- D. Licensee final survey required. (x) Y () N
- E. NRC confirmatory survey required. (x) Y () N
- F. NRC closeout inspection required. (x) Y () N
- G. Licensee doing decommissioning planning and preparation before dismantlement. () Y (x)N
- H. Licensee actively remediating site. () Y (x) N
- I. Licensee completed site remediation. () Y (x) N

Description of Facility Status:

No work has been done this year. The area where radwaste is stored has been properly posted.

2. INSPECTION OF KEY DECOMMISSIONING ACTIVITIES

A. LICENSEE ACTIVITIES INSPECTED BEFORE DISMANTLEMENT

- 1. Licensed material used during operations has been removed from site. () Y (x) N
- 2. Facility license conditions are in place and met by licensee. () Y (X) N
AAR does not have an NRC license.
- 3. Site security and control of contaminated material being maintained in compliance with 10 CFR 20.1801 and 20.1802. (X) Y () N
- 4. Support systems and services (e.g., lighting, water supply) are in place. () Y () N
Not Applicable
- 5. Decommissioning schedules are consistent with timeliness requirements in 10 CFR 30.36, 40.42, and 70.38. () Y () N **Not Applicable**
- 6. Licensee's recordkeeping is consistent with 10 CFR 30.35, 40.36, and 70.25. () Y () N
Not Applicable
- 7. Financial assurance requirements are being maintained in accordance with 10 CFR 30.35, 40.36, and 70.25. () Y () N **Not Applicable**
- 8. Licensee is conducting site characterization in accordance with applicable radiation protection procedures. (x) Y () N
- 9. Construction of new site features (e.g., roads, rail spurs, staging areas, sediment control ponds) conforms to DP and does not compromise health and safety of workers and public. () Y () N **Not Applicable**
- 10. Licensee activities conform to specific license conditions and licensee programs and procedures. () Y () N **Not Applicable**
- 11. Other licensee activities: () Y () N **Not Applicable**

Basis for Findings: Observation

B. LICENSEE ACTIVITIES INSPECTED DURING DECONTAMINATION, DISMANTLEMENT, AND SITE REMEDIATION **Not Applicable**

1. Site security and control of contaminated material being maintained in compliance with 10 CFR Part 20. () Y () N
2. Decontamination and dismantlement of structures are being performed consistent with DP and sound industry practice (structures include buildings, utilities, treatment lagoons, etc.). () Y () N
3. Decontamination and remediation of the following are being performed consistent with DP and sound industry practice:
 - a. Soil. () Y () N
 - b. Sediment. () Y () N
 - c. Surface waters. () Y () N
 - d. Groundwater. () Y () N
 - e. Other mediums: () Y () N
4. Licensee release and disposal of decommissioning wastes are consistent with DP and approved by NRC for:
 - a. Liquid wastes (e.g., groundwater, surface water, liquid from treatment ponds, process liquids). () Y () N
 - b. Solid wastes (e.g., building materials, process and other facility equipment, concrete rubble, soil). () Y () N
 - c. Other wastes: () Y () N
5. Temporary, on-site storage of low-level radioactive wastes from decommissioning meets license conditions and guidance in IP 84890. (X) Y () N
6. Packaging and shipment of radioactive waste materials meet requirements in 40 CFR Parts 173-178 and 10 CFR Part 71. () Y (X) N
7. Restoration of site - Licensee has restored site to meet license conditions and NRC-approved plans. () Y () N
8. Licensee survey of material and equipment for free release sufficient to demonstrate compliance with release criteria.
9. Other licensee activities: () Y () N _____

Basis for Findings:

C. LICENSEE ACTIVITIES INSPECTED AFTER COMPLETION OF SITE REMEDIATION

Not Applicable

1. Licensee has submitted NRC Form 314 for disposition of licensed material in accordance with 10 CFR 30.36, 40.42, and 70.38. () Y () N

2. Licensee's final survey program is acceptable (see Appendix B for inspection items for final surveys). () Y () N
 3. NRC confirmatory survey performed. () Y () N
 4. Site maintenance activities (if any, for restricted use) conform to license conditions and NRC-approved plans and are in place and functional. () Y () N
 5. Other licensee activities: () Y () N
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-

Basis for Findings:

3. INSPECTION OF STANDARD HEALTH AND SAFETY AREAS FROM THE OPERATIONAL INSPECTION PROGRAM

A. GENERAL OVERVIEW Not Applicable

1. Describe the licensee's decommissioning organizational structure:
2. Licensee is performing decommissioning activities in compliance with its approved DP. () Y () N
4. Licensee has implemented procedures for the decommissioning activities identified in the DP. () Y () N
5. The RSC and RSO fulfill license requirements to deal with all decommissioning activities. () Y () N

Basis for Findings:

B. FACILITIES Not Applicable

1. Describe, from field observation, the licensee-identified facilities and outdoor areas to be decommissioned: Field in the back of the property behind what is now a parking lot. Radioactive material still remains under what is now a foundation of the building and under the existing parking lot which was constructed before AAR was aware of the problem. Some contamination may have spread to the CSX railroad property next to the facility.
2. The licensee's remediation plan includes all the contaminated facilities and areas on-site and off-site. () Y () N
3. All essential systems and services (e.g., electrical power, water supply, communications systems) are in place and functional for the planned decommissioning activities. () Y () N

4. Licensee's emergency plan is in place and operative for the duration of decommissioning. () Y () N
5. For complex sites needing site characterization, describe the key site characterization activities to be performed by the licensee to determine the nature and extent of contamination:
6. Licensee's characterization activities performed in conformance with good industry practice. () Y () N

Basis for Findings:

C. EQUIPMENT AND INSTRUMENTATION (N/A) **Not Applicable**

1. Survey instruments are applicable to contaminants of interest. () Y () N
2. Use of survey instruments appropriate for site. () Y () N

Basis for Findings:

D. MATERIALS

1. Radioactive materials licensed during operations have been removed offsite; residual quantities conform to license conditions. () Y (x) N
2. Security and control of licensed materials, including contaminated areas, is being maintained. (X) Y () N

Basis for Findings:

Observation

E. TRAINING **Not Applicable**

1. Licensee has developed training program for new decommissioning activities (e.g., demolition of structures, excavation of soil); program is adequate. () Y () N
2. Training program being effectively implemented. () Y () N

Basis for Findings:

F. AREA RADIATION SURVEYS AND CONTAMINATION CONTROL **Not Applicable**

1. Area surveys are being performed in areas being decommissioned. () Y () N

2. Where active remediation (e.g., demolition of structures, excavation of soil) is being performed, radiation levels in unrestricted areas do not exceed 2 mrem in any one hour. () Y () N

Basis for Findings:

G. RADIATION PROTECTION

1. The licensee's approved health physics program is being implemented in the field for new decommissioning activities. () Y () N **Not Applicable**
2. Site security and control of contaminated material are in compliance with 10 CFR 20.1801 and 20.1802. (X) Y () N

Basis for Findings:

Observation

H. RADIOACTIVE WASTE MANAGEMENT/EFFLUENTS/ENVIRONMENTAL MONITORING

Not Applicable

1. Offsite disposal of decommissioning wastes conforms to free release criteria and disposal site requirements. () Y () N
2. All new effluent releases conform to DP and applicable regulations. () Y () N
3. The licensee's environmental monitoring program is being implemented in conformance with the DP and all applicable limits are being met. () Y () N
4. Temporary storage/staging areas for radioactive wastes from building demolition, equipment dismantlement, soil excavation, etc., are adequately posted and protected. () Y () N

Basis for Findings:

I. RECORDKEEPING FOR DECOMMISSIONING **Not Applicable**

1. Copies of the licensee's decommissioning cost estimates and funding methods are on file. () Y () N
2. Licensee has adequate records for decommissioning activities performed (e.g., for decontamination and dismantlement of structures; decontamination and remediation of soil, sediment, surface waters, groundwater; surveys of remediated facilities). () Y () N
3. Licensee's financial assurance conforms with the financial assurance requirements of NRC-approved possession limits and NRC regulations. () Y () N

Basis for Findings:

J. TRANSPORTATION Not Applicable

1. Describe the licensee's program to package and ship decommissioning waste materials: N/A
2. Licensee's program meets all applicable 10 CFR and 49 CFR requirements for marking labeling, placarding, and shipping paper requirements for radioactive waste shipments. () Y () N

Basis for Findings:

K. POSTING AND LABELING

1. All contaminated areas, waste processing areas, and waste handling areas are posted in conformance with regulations. () Y () N **Not Applicable**
2. Packaged radioactive waste materials are labeled in accordance with regulations. (X) Y () N

Basis for Findings:

Observation

L. OCCUPATIONAL HEALTH AND SAFETY Not Applicable

1. Describe the occupational health and safety observations made at the licensee's facilities:
2. Licensee and Occupational Safety and Health Administration were informed of occupational health and safety issues observed during the inspection. () Y () N

Basis for Findings:

4. VIOLATIONS, NON-CITED VIOLATIONS, FOLLOWUP ITEMS, AND OTHER ISSUES

Briefly state (1) the requirements and (2) how and when the licensee violated the requirement. For non-cited violations, indicate why the violation was not cited. Briefly describe followup items and other issues.

NONE