

ARIZONA HEIGHTENED OVERSIGHT CONFERENCE CALL  
JANUARY 12, 2011

<b>NRC Attendees</b>	<b>Arizona Attendees</b>
Randy Erickson, RSAO	Aubrey Godwin, Director
Roy Caniano, Director, DNMS	Brian Goretzki, Health Physicist
Duncan White, FSME	
Michelle Beardsley, FSME	

### **Summary**

During the week of March 29, 2010 – April 1, 2010, an IMPEP review team performed a follow-up review of the Arizona Agreement State Program (the Program), in part, to determine if the period of Heightened Oversight initiated on July 21, 2008 could be relaxed. During the review, the review team noted several improvements in the program, but also identified additional issues that needed programmatic attention. The review team acknowledged that while the Program made some improvements in problem areas, they had not yet demonstrated a period of sustained performance in any of these areas.

The review team also closed previous recommendations, opened new recommendations, and recommended to the Management Review Board (MRB) that the period of Heightened Oversight continue. On June 22, 2010, the MRB met and agreed with the review team's recommendations that the period of Heightened Oversight be extended for an additional two years, that a Periodic Meeting be held in one year, and that following submission of an acceptable revised Program Improvement Plan (the Plan), that bimonthly Heightened Oversight calls (call) with the Program would resume.

On September 7, 2010, the Program submitted their initial plan for NRC review (ML102510278). NRC staff concluded that the plan as submitted would not fully satisfy the recommendations identified during the April 2010 follow-up IMPEP review. NRC staff noted that two of the recommendations were not fully described in the Plan, that some of the tasks identified were not sufficiently detailed or comprehensive enough to address the associated recommendation, and that as written, were insufficient to ensure long-term sustainability. Additionally, one of the milestones was not identified for its associated recommendation.

NRC staff determined that the importance of resuming the calls outweighed the importance of first waiting for the Program to resubmit and receive approval of their Plan prior to call resumption; therefore, the initial call with the Program was held on October 21, 2010. The deficiencies noted in the Plan and the need for the Program to resubmit a revised Plan was stressed with both the Program Director and the Program Manager during the call. Specific NRC staff comments regarding the Plan as submitted were documented in the October 21, 2010 call summary (ML103200547). The Program was requested to resubmit a revised Plan by December 21, 2010.

On January 6, 2011, the Program submitted the revised Plan for review (ML110060248). It appeared to NRC staff that the Program did not expend sufficient effort to revise the Plan in order to create a complete and comprehensive document as few changes to the initial Plan were noted. Recommendations originally discussed with the Program and subsequently

identified in the October 21, 2010 call summary regarding full documentation of the original recommendations, expansion of the tasks and milestones to make them more comprehensive, and the need to discuss effective long term corrective actions were not addressed. NRC staff again concluded that the revised Plan as submitted would not fully satisfy the recommendations identified during the follow-up IMPEP review. Accordingly, staff requested that the revised Plan as submitted should be further revised and resubmitted by February 11, 2011.

As previously noted in the October 21, 2010 call summary, and again in the January 6, 2010 revised Plan, staff indicated that the following specific comments be addressed when submitting a revised Plan. These include:

Recommendations 1 and 4, identified in the Plan are not fully described as documented in the Arizona Final IMPEP Report dated July 12, 2010. For example, in the Plan, the words “to ensure Program needs are met and to maintain long-term stability of the program” were omitted from Recommendation 1. A failure to fully document each recommendation ultimately results in a loss of the intent of that recommendation, and could result in the State not achieving full success in completing the recommendation. Fully documenting each recommendation in the Plan, allows for appropriate identification of comprehensive “Tasks” and “Milestones” for each.

The “Tasks” identified in the Plan are not sufficiently detailed or comprehensive enough to fully address the associated recommendation. While in some cases, an individual task may be all that is necessary to resolve a particular recommendation, this is not typically the case. Furthermore, some of the tasks identified in the Plan do not detail the measures you plan to use to ensure the task not only resolves the recommendation now, but ensures that the issue won't recur in the future. For example, with respect to Recommendation 2, the one task that is outlined in the Plan is to perform the accompaniments of the inspection staff by the end of 2010. This task was not met by the Program. Regardless, there should also be a task that addresses the measures that will be taken to ensure that accompaniments will be performed during future years. Likewise, regarding Recommendation 4, the one task that is outlined in the Plan is to review selected licenses with a potential for financial concerns. There should also be a task to address any deficiencies identified from the review, such as obtaining appropriate financial assurance or amending the licensee's possession limits. There may also be a need to develop or revise policies or procedures to address the recommendations, as well as training of staff for any newly developed or revised policies or procedures. The above examples can be used as a guide for you to develop more detailed and comprehensive tasks to address each of the recommendations in the Plan.

Once appropriate tasks have been identified, the Program will be in a better position to develop comprehensive “Milestones” that directly related to the assigned tasks. Milestones typically are identified goals that measure how tasks and ultimately recommendations are being resolved. The milestones you use should walk a reader through the various actions that will measure progress on the tasks which will ultimately resolve the recommendations. It is important that milestones be identified the tracked for each task in the Plan.

Additionally, during the January 12, 2011, Heightened Oversight call, the Program reported that they continue to work on the recommendations and expect to bring them to full completion in the near future.

**Status of Recommendations from the 2010 IMPEP Review:**

- 1. The review team recommends that the State review and update, if appropriate, the Agency's staffing and budget plan to ensure Program needs are met and to maintain long-term stability of the Program.*

On October 21, 2010, the Program reported they were fully funded for FY11 and continue to operate under that budget. Budgets for FY12 and FY13 were submitted on August 31, 2010. It is uncertain at this time what the outcome of a legislative review will hold, but the Program is hopeful there will be no further cuts to their budget. At the time of the call, the Program stated that the State had a budget deficit of approximately \$800 million. In addition to that, some programs were required to return a sum total of approximately \$700 million to the treasury in an effort to fund two unrelated children's programs, but this effort is not anticipated to affect the Radiation Control Program. On November 9, 2010, during a subsequent call with the Program, the Program Manager stated that two referendums were on the November ballot to provide funding for the children's programs, and both were defeated. This will result in an overall State budget deficit of approximately \$1.5 billion. At the time of the November call, the Program had not experienced any negative effects from the shortfall.

The Program reported that while they have been given authorization to fill long standing vacancies, they have yet to permanently fill any of the vacant positions. Their plan is to first try and recruit from within the Program to fill those vacated positions. If they are not successful in that effort, they will post outside the Program. In an effort to keep up with inspections and licensing, they have cross trained some staff members who work in other parts of the Program to be able to assist with the inspection program. The Program reported they have been able to keep up with inspections.

On January 12, 2011, the Program reported that as of the date of the call, there has been no change regarding the budget and the budget shortfall. The legislature began the new session and the budget issues facing the State are on the agenda. The Program Director stated that he would notify NRC of legislative changes that will impact the Program. On January 18, 2011, the Program Director notified NRC by email that the Arizona Governor's proposed budget for FY12-13 had been released. The budget proposed many cuts across State government; however as written, the Radiation Control Program's budget would not be affected.

The Program also reported that following the October 2010 call, the Program Manager retired and they are now searching for a candidate to replace him. Also, in an effort to fill the other remaining vacancies in the face of a hiring freeze, they opened a solicitation of interest and one individual in another part of the Program will be transferring to the materials program. When this individual transfers into the Program and a replacement Program Manager is hired, the Program will still have one remaining vacancy which the Program Director doesn't believe he will be allowed to fill. He added that to date with their current staffing levels, and the occasional assistance from other parts of the program as needed, they have sufficient staffing to keep up with the current workload.

2. *The review team recommends that an Agency manager accompany each inspector, at least annually, to ensure quality and consistency in the inspection program.*

On October 21, 2010, the Program reported that in the six months since the follow-up review, they have only been able to perform one inspector accompaniment, with the remaining three tentatively scheduled to be completed by November 15, 2010. NRC questioned the lag time in the timely completion of the accompaniments given this was a recommendation on the previous review held in 2008. The Program indicated there were various reasons why these were not yet completed, but they believe they can get the rest completed by November 15, 2010. This continues to be an area where the Program has failed to demonstrate sustained performance.

On January 12, 2011, the Program reported that as of January 10, 2011, they had accompanied all four of the inspection staff; however, they had not yet fully completed the documentation. The Program Director reported that he was waiting on the inspection report from one of the inspectors. When he receives the report, reviews it for adequacy and finds it acceptable, they will then have completed four supervisory accompaniments in the nine months since the April 2010 IMPEP review. The Program also reported they are committed to a more aggressive schedule for supervisor accompaniments. They plan to accompany inspectors once every six months instead of an annual accompaniment. NRC staff questioned this aggressive approach given that supervisory accompaniments have been a repetitive problem for the Program since first identified during the 2008 IMPEP review, and because the manager who previously performed the accompaniments is no longer with the Program. The Program Director stated that he believed it was possible and remains committed to the more aggressive supervisory accompaniment schedule.

3. *The review team recommends that the State implement the pre-licensing checklist and guidance for all licensing actions to provide assurance that radioactive material will be used as specified on the license.*

On October 21, 2010, the Program reported they believe they have completed this recommendation. They stated that they have been following the pre-licensing guidance provided by NRC, but that initially they had misunderstood the meaning of "person". During the follow-up review, the review team noted that the Agency used the pre-licensing checklist on all new licensing actions. However, they failed to use it for certain specific change-of-ownership actions as well as certain new applicants they believed to be known entities because they were named as authorized users or radiation safety officers on other licenses. Program staff did not recognize that the owner is the actual licensee, and if they did not have a relationship with that specific individual, the pre-licensing guidance had to be used. The Program has subsequently modified their pre-licensing checklist to reflect this understanding, and have trained the licensing staff.

4. *The review team recommends that the State review its radioactive materials licenses regarding the requirements for financial assurance, and either obtain financial assurance for licenses that are authorized to possess the applicable quantities, or revise the license conditions to ensure clear quantity limits that will not require provision of financial assurance.*

On October 21, 2010, the Program reported that they have completed a review of approximately 60 percent of licenses to determine if financial assurance applies to them. Financial assurance instruments will be obtained for those licensees who are found to require financial assurance. The Program estimates they will have completed this task by December 31, 2010.

On January 12, 2011, the Program reported they had now completed a review of all licenses to determine if financial assurance applies to them.

The next Heightened Oversight conference call is scheduled for March 16, 2011.

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Randy Erickson  
State Agreements Officer  
Region IV

Arizona Heightened Oversight  
Conference Call Summary

Internal distribution via e-mail:

- Roy Caniano, DNMS
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Final:

ADAMS	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> SUNSI Rev Complete	Reviewer Initials:	RRE
Publicly Available	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Non Sensitive</b>		
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