

**AMEC 1.9 PROJECTS OFFICERS
RECORD OF MEETING
17-19 MARCH 2003, MOSCOW, RUSSIA**

INTRODUCTION

Russian, Norwegian, and U.S. Project Officers and Technical Experts met to discuss implementation issues for the preliminary treatment and storage installation for solid radioactive waste at the Polyarninsky Shipyard (PPP-RAO)

2 OBJECTIVE

2 The overall objective of AMEC Project 1.9 is to prepare a safe and reliable system for pre-treatment and storage of low- and intermediate-level solid radioactive waste (SRW that has been accumulated and will be generated in Northwest Russia in support of the decommissioning of nuclear submarines, including ballistic missile submarines.

2.2 Specifically, this meeting's objectives are to:

- a. Review design documents for the foundation, the technological flow chart, and utility connections for the PPP-RAO.
- b. Review bids for construction of the PPP-RAO.

3 ACCOMPLISHMENTS / DECISIONS / NEXT STEPS

- 3.1 ZSY presented the footer design developed by OKTB 170 to the three parties. In the opinion of the NO and US parties, the footer design seemed to be an over designed based on the anticipated needs of the PPP-RAO. There were no calculations provided to support the design. ZSY promised to provide a detailed report outlining the basis of the design by March 28 to NO and US. The three parties will arrange for expert reviews to look for ways to reduce the scope and cost of the construction work. Design of the utilities was not presented. NO and US request that a more expeditious procedure be established for document transfer in view of the ambitious schedule for the PPP-RAO.
- 3.2 ZSY presented a summary of the five proposals they received base on the request for proposal (RFP) for the construction of the PPP-RAO. Eight companies were sent the RFP, one did not reply and two declined. The results of the tender committee were also presented. Copies of the proposals were provided to the US and NO parties.
- 3.3 ZSY promised to provide a cost breakdown of the proposed management fee, additional PPP-RAO equipment, and entrance area fabrication and transportation by Tuesday, March 25. A refined cost proposal for the MPF transportation, installation, and testing will also be provided by this date.
- 3.4 ZSY promised to clarify the fixed price proposals from the lowest bidders (including Sovvoenmorstroi and Murmanskmorstroi) by Tuesday, March 25.
- 3.5 Upon reviewing the final fixed-price proposals, the three parties will decide on the construction contractor. The decision of the AMEC parties shall be binding on the General Contractor for the project, ZSY.
- 3.6 The establishment of the PPP-RAO is a trilateral effort and oversight of all the work should be by performed by all three parties although a division of work scope is made in separate bilateral contracts. RU MoD confirms that they will review and approve all contracts for PPP-RAO and provide notification to this effect the other two parties.
- 3.7 Due to schedule constraints and budget issues, the US proposed to fund the construction of the PPP-RAO using only US funds (contingent upon the final construction cost estimate). The final contracting strategy will be coordinated with both the NO and RF

sides once the final construction costs have been provided to the AMEC team by ZSY.
NO will evaluate providing non-standard equipment.

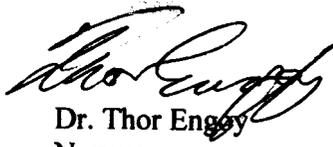
- 3.8 NO will continue to negotiate a contract for the transportation and installation of the MPF and evaluate the inclusion of the entrance area for the MPF.
- 3.9 RU Navy will insure that PSY obtain all necessary operational licences and formal documents required to commission the facility including, if required, obtaining the Sanitary Protection Zone documents and the implementation of the Governmental Acceptance Commission. This work is underway.
- 3.10 RU assumes the responsibility for the organization of the work of the commission to accept and put in put in operation PPP-RAO. The Russian Party assumes the responsibility for continuous monitoring of the progress of construction work.

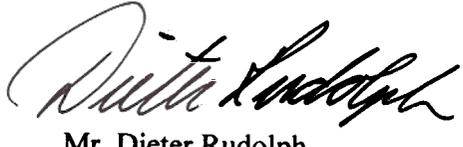
4 NEXT PROJECT MEETINGS

4. The next project meeting is scheduled for late April. When activities commence at PSY the preferred location for the follow-on project meetings will be Murmansk/Polyarny.

PROJECT OFFICERS


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